

Transport services



EU transport policy is based upon the White paper 'European transport policy for 2010: time to decide' ⁽¹⁾, adopted in 2001, while in June 2006 the European Commission published its mid-term review under the communication ⁽²⁾ 'Keep Europe moving - sustainable mobility for our continent'. The review tries to take account of a number of issues such as enlargement, climate change and energy policy. One of the key conclusions of this communication is that each transport mode must be optimised; all modes must become more environmentally friendly, safe and energy efficient; each mode should be used efficiently on their own and in combination to achieve an optimal and sustainable utilisation of resources. One of the specific actions foreseen in the review was the presentation of a Green paper on urban transport which was published in 2007, see Subchapter 20.2.

Environmental issues remain of great importance to this sector, as transport is a major source of emissions and noise, as well as land use. Table 20.1 shows the change in selected emissions from all transport (not only those of the transport services sector) between 1990 and 2003. Two subjects concerning transport and emissions are presented later, the use of biofuels in Subchapter 20.2 and concerns about aviation and the environment in Subchapter 20.4.

⁽¹⁾ Available at: http://europa.eu.int/comm/energy_transport/en/lb_en.html.

⁽²⁾ COM(2006) 314.

STRUCTURAL PROFILE

There were some 1 120 000 enterprises in the transport services sector (NACE Divisions 60 to 63) in the EU-27 which generated EUR 360 billion of value added in 2004. This represented a 7.1 % share of value added in the non-financial business economy (NACE Sections C to I and K). Some 8.6 million persons were employed in the transport services sector in 2004 in the EU-27, which represented 6.9 % of those working in the non-financial business economy – see Table 20.2.

Close to half of the wealth created by transport services within the EU-27 was generated by land transport and transport via pipelines (NACE Division 60), where value added reached EUR 173 billion in 2004: a further analysis shows that EUR 135 billion of this was generated by road and other land transport (NACE Group 60.2, see Subchapter 20.2) and EUR 34 billion by rail transport (NACE Group 60.1, see Subchapter 20.1), with the small remaining share accounted for by transport via pipelines (NACE Group 60.3, see Subchapter 20.5). Water transport (NACE Division 61) and air transport (NACE Division 62) were the two smallest subsectors directly involving the transport of passengers and freight (see Subchapters 20.3 and 20.4), each contributing between 5 % and 10 % of transport value added. Supporting and auxiliary transport activities and the activities of travel agencies (NACE Division 63) accounted for 39.2 % of transport services value added, with a total value added of EUR 141 billion: the supporting and auxiliary transport activities (NACE Groups 63.1, 63.2 and 63.4) generated EUR 120 billion of this total (see Subchapter 20.6), and the services of travel agencies (NACE Group 63.3, presented in Subchapter 20.7) generated the remainder. In employment terms the dominance of land transport and transport via

Transport services are composed of: rail transport (NACE Group 60.1), road and other land transport (NACE Group 60.2), as well as transport by pipelines (NACE Group 60.3), water transport (NACE Division 61), air transport (NACE Division 62), auxiliary transport activities (NACE Groups 63.1, 63.2 and 63.4) and travel agencies (NACE Group 63.3).

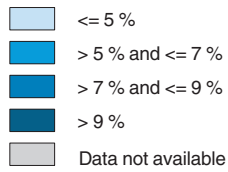
Note that this chapter focuses on transport services provided to clients for hire and reward. When analysing emissions from transport and transport traffic volumes (for example, tonnes of freight) as presented in this chapter, it is important to bear in mind that these include own account transport as well as transport services for hire and reward. This is particularly important in road transport where, for example, a manufacturer might collect materials or deliver own output, rather than contracting a transport service enterprise to do this. Equally, the use of own vehicles (typically passenger cars) accounts for a very large part of passenger transport. Such own account transport does not contribute towards the statistics on the transport services sector.

NACE

60: land transport; transport via pipelines;
 60.1: transport via railways;
 60.2: other land transport;
 60.3: transport via pipelines;
 61: water transport;
 61.1: sea and coastal water transport;
 61.2: inland water transport;
 62: air transport;
 62.1: scheduled air transport;
 62.2: non-scheduled air transport;
 62.3: space transport;
 63: supporting and auxiliary transport activities; activities of travel agencies;
 63.1: cargo handling and storage;
 63.2: other supporting transport activities;
 63.3: activities of travel agencies and tour operators; tourist assistance activities n.e.c.;
 63.4: activities of other transport agencies.

**Persons employed in transport services
(NACE Divisions 60 to 63)
as a proportion of those employed
in the non-financial business economy
(NACE Sections C to I and K)**

2004 – NUTS 2



Greece, Luxembourg and Malta: not available

Bulgaria: based on pre-accession NUTS

Cyprus: total employment excludes real estate (NACE Division 70) and research and development (NACE Division 73)

Cyprus: data based on enterprises instead of local units

Norway: total employment excludes water supply (NACE Division 41)

Statistical data: Eurostat Database: REGIO
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Cartography: Eurostat – GISCO, 05/2007

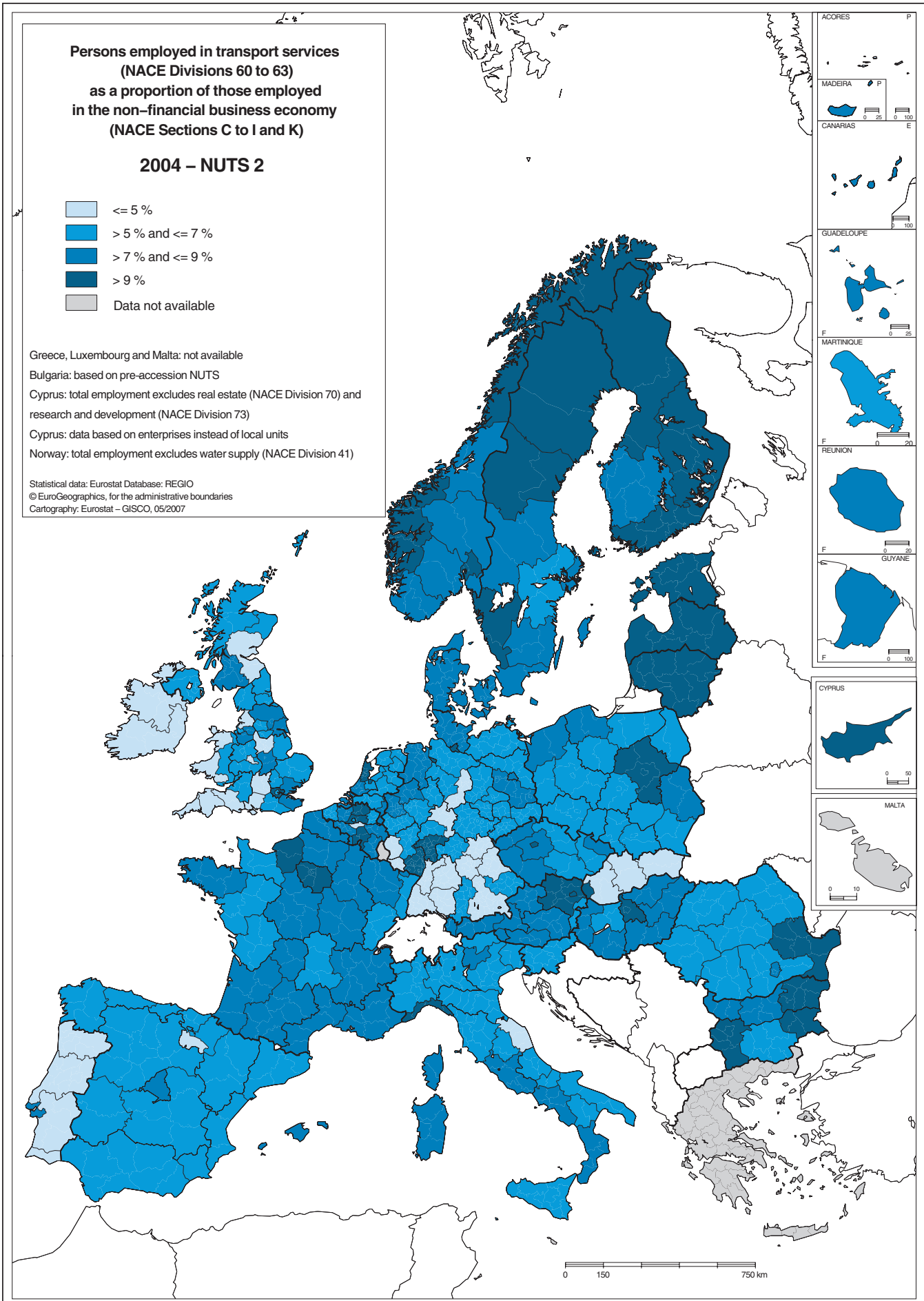


Table 20.1

Emissions by all transport, EU-25 (1)

	Transport				Road transport			
	(1 000 tonnes)		as a share of total emissions (%)		(1 000 tonnes)		as a share of transport emissions (%)	
	1990	2003	1990	2003	1990	2003	1990	2003
Sulphur oxides	1 275	394	5.3	5.2	747	116	58.5	29.5
Nitrogen oxides	8 922	6 212	55.0	55.4	7 234	4 645	81.1	74.8
Ammonium	22	86	0.5	2.3	11	81	51.5	94.0
Carbon monoxide	37 521	16 134	60.1	51.4	34 865	14 255	92.9	88.4
Non-methane volatile organic compounds	7 072	3 072	43.8	33.1	6 228	2 193	88.1	71.4
Carbon dioxide	753 872	921 740	18.2	22.5	697 264	859 524	92.5	93.3
Methane	239	131	0.9	0.7	224	123	93.5	94.1
Nitrous oxide	37	87	2.4	6.9	26	73	69.9	84.1

(1) Transport includes: civil aviation; road transportation; railways; navigation; other transportation (IPCC common reporting format sector classification); excluding international transport.

Source: Eurostat (Air emissions)

Table 20.2

Transport services (NACE Divisions 60, 61, 62 and 63)
Structural profile, EU-27, 2004 (1)

	No. of enterprises (2)		Turnover		Value added (3)		Employment (4)	
	(thousands)	(% of total)	(EUR million)	(% of total)	(EUR million)	(% of total)	(thousands)	(% of total)
Transport services	1 120.0	100.0	1 030 000	100.0	360 000	100.0	8 600.0	100.0
Transport via railways	0.6	0.1	60 000	5.8	34 000	9.4	900.9	11.0
Other land transport	900.0	80.4	320 000	31.1	135 000	37.5	4 299.3	52.5
Water transport	16.0	1.4	80 000	7.8	22 000	6.1	200.0	2.3
Air transport	3.2	0.3	100 000	9.7	30 000	8.2	400.0	4.7
Transport via pipelines	0.1	0.0	6 000	0.6	3 500	1.0	9.2	0.1
Auxiliary transport activities	103.0	9.2	320 209	31.1	120 287	33.4	1 990.0	23.1
Activities of travel agencies	70.0	6.3	140 000	13.6	21 000	5.8	500.0	5.8

(1) Rounded estimates based on non-confidential data.

(2) Transport via railways, EU-25.

(3) Air transport, EU-25.

(4) Transport via railways, other land transport and transport via pipelines, EU-25.

Source: Eurostat (SBS)

Table 20.3

Transport services (NACE Divisions 60, 61, 62 and 63)
Structural profile: ranking of top five Member States, 2004

Rank	Value added (EUR million) (1)	Employment (thousands) (1)	Share of non-financial business economy			
			No. of enterprises (2)	Turnover (2)	Value added (2)	Employment (2)
1	Germany (66 764)	Germany (1 238.0)	Finland (12.1 %)	Estonia (10.8 %)	Lithuania (11.4 %)	Latvia (11.1 %)
2	United Kingdom (64 937)	France (1 125.5)	Lithuania (10.4 %)	Denmark (9.4 %)	Latvia (11.0 %)	Lithuania (9.5 %)
3	France (54 935)	United Kingdom (1 091.9)	Slovenia (9.5 %)	Latvia (8.9 %)	Denmark (11.0 %)	Luxembourg (9.4 %)
4	Italy (41 445)	Italy (935.7)	Poland (9.5 %)	Sweden (7.4 %)	Estonia (10.8 %)	Finland (9.4 %)
5	Spain (33 284)	Spain (820.2)	Bulgaria (9.0 %)	Lithuania (7.3 %)	Luxembourg (10.5 %)	Estonia (9.2 %)

(1) Greece and Malta, not available; Luxembourg, 2003.

(2) Ireland, Greece, Cyprus and Malta, not available; Luxembourg, 2003.

Source: Eurostat (SBS)

pipelines was even greater, occupying close to two thirds of the EU-27's transport services workforce, while the shares of water and air transport were both less than 5 %.

Lithuania was the most specialised Member State in transport services within the EU-27 with these services contributing 11.4 % of non-financial business economy value added in 2004⁽³⁾. The other Baltic States, Denmark, Luxembourg (2003) and Bulgaria were also particularly specialised in transport services in

value added terms, with transport services contributing more than one tenth of non-financial business economy value added in each of these Member States. The transport services sector recorded its smallest shares of non-financial business economy value added in Slovakia, Poland and Germany.

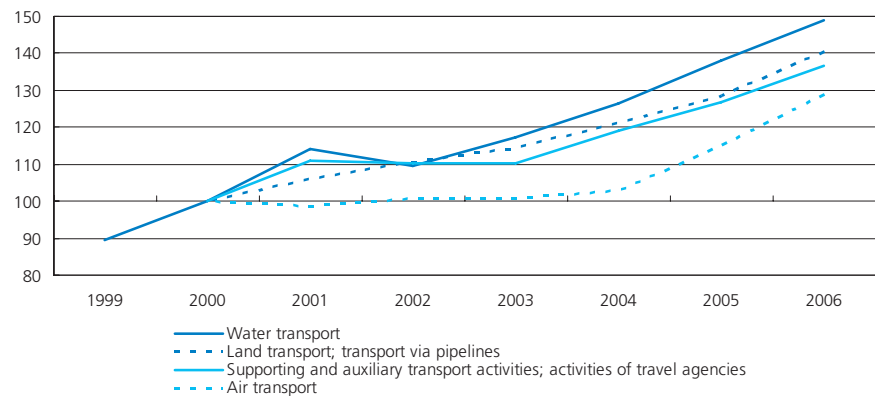
⁽³⁾ Luxembourg, 2003; Ireland, Greece, Cyprus and Malta, not available.

The regional specialisation of transport services is shown in the map on page 332 which is based on the non-financial business economy employment share of this sector. The most specialised region (at the level of detail shown in the map) was by far Åland (Finland), and there were several regions in Belgium, Bulgaria, Finland and Sweden that were notably specialised in transport services, as well as Estonia, Latvia, Lithuania and Cyprus (considered each as one region at the level of detail in the map), and also several regions of Norway.

The development of the EU-27 turnover indices between 2000 and 2006 for transport services NACE divisions shows that the strongest growth was for water transport, with average growth of 6.8 % per annum over this period – see Figure 20.1. At 4.3 % per annum the slowest average growth over the same period was for air transport, but it should be noted that this included a period of falling turnover in 2001 followed by three years of relatively moderate growth, reflecting a general economic slowdown as well as a number of exceptional circumstances such as terrorist attacks and the SARS outbreak. The two most recent years show that the air transport subsector experienced growth of 11.8 % in 2005 and 12.1 % in 2006, the highest growth rates among transport services NACE divisions in both years.

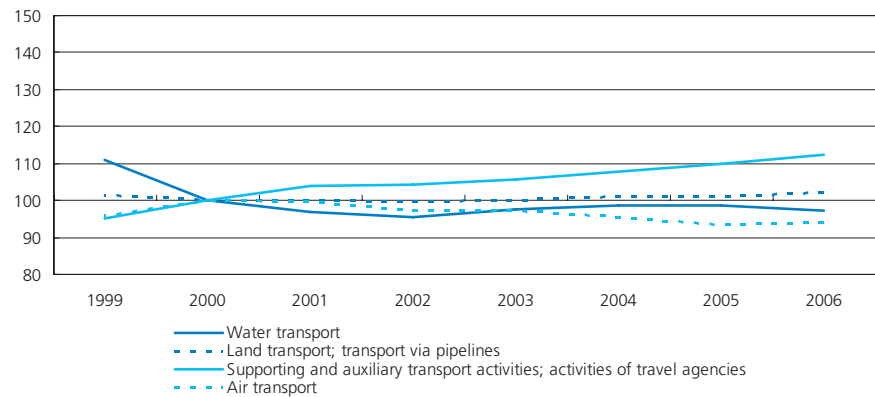
EU-27 employment indices are available for transport services NACE divisions from 1998 (see Figure 20.2), and these show a contrasting development in the various subsectors. The strongest growth was for supporting and auxiliary transport activities and activities of travel agencies, for which growth averaged 3.0 % per annum over this eight year period. Air transport recorded an annual average growth rate of 0.5 %, but this was composed of strong growth in 1999 and 2000, followed by a more gentle decline most years since then, with the 0.5 % increase of 2006 the only significant recent employment gain in this subsector. Land transport and transport via pipelines recorded falls in employment in 1999 and 2000, since when the employment index was much more stable, with 1.0 % growth in 2004 and 1.1 % growth in 2006 by far the highest increases. In contrast, the water transport employment index recorded an average fall of 2.9 % per annum over the period considered, with considerable contractions in 1999 and 2000 (around -10 % each year) followed by alternating periods of

Figure 20.1
Transport services (NACE Divisions 60, 61, 62 and 63)
Index of turnover, EU-27 (2000=100)



Source: Eurostat (STS)

Figure 20.2
Transport services (NACE Divisions 60, 61, 62 and 63)
Index of employment, EU-27 (2000=100)



Source: Eurostat (STS)

more moderate increases and decreases in employment. In 2006 the employment index in this subsector contracted by 1.3 %, and as such this was the only transport services NACE division to record a fall in the EU-27 in this year, and only one of two non-financial services NACE divisions ⁽⁴⁾ that recorded a reduction in employment in 2006.

Size class data show that large enterprises played an important role in transport services. Small and medium-sized enterprises (SMEs, with less than 250 persons employed) contributed around half (50.8 %) of the value added generated in the EU-27's transport services sector in 2004, somewhat below the non-financial business economy average (57.0 %) – see Figure 20.3.

⁽⁴⁾ Short-term business statistics in services cover NACE Sections G, H and I and Divisions 72 and 74.

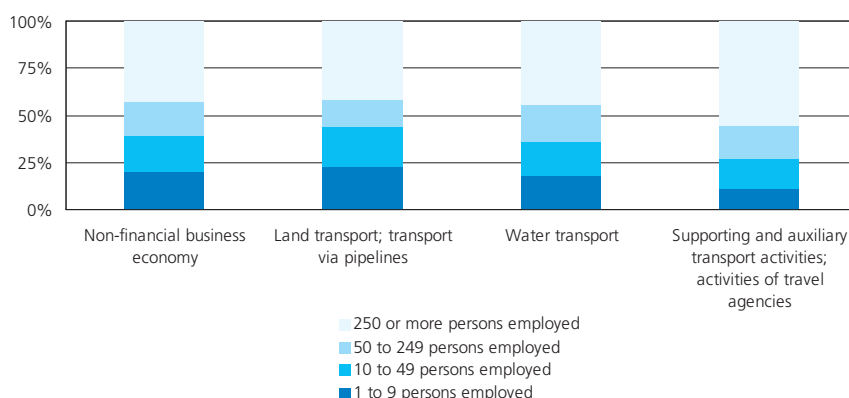
Behind these averages for the transport services sector lies a distinction, essentially between air and rail transport on one hand which are dominated by large enterprises, and the remaining transport services which are characterised by an employment contribution from SMEs closer to, but generally still above, the average for the non-financial business economy. Due to the dominance of rail transport by a few enterprises in most Member States an analysis of the size structure of the sector is difficult for reasons of statistical confidentiality. Nevertheless, the information that is available for a few Member States illustrates that this activity is dominated by large enterprises to a greater extent than in nearly any other activity: in Germany large enterprises contributed 90.6 % of value added in rail transport in 2004, while the equivalent share in the United Kingdom was 96.5 % and in Italy it reached 99.2 %. Equally, for air transport services large enterprises accounted for a large share of the sector's value added in 2004, exceeding 50 % in all of the Member States with data available except for Slovakia. The importance of large enterprises in the EU-27's air transport sector was such that they accounted for 90.0 % of employment in 2004; this was the highest employment share of large enterprises among all of the non-financial business economy NACE divisions ⁽⁵⁾ in 2004.

TRANSPORT OF GOODS AND PASSENGERS

Over several decades, road and sea transport of goods increased strongly in the EU, while the volume of goods transported by inland waterways was relatively stable and rail freight transport declined. For the EU-25 around ten years of data is now available for most modes of transport, and this provides an insight into the changes in more recent periods for both goods and passengers - see Figures 20.4 to 20.7. Since 1995 the use of road and sea freight transport increased steadily and strongly, and in 2005 they together accounted for 83 % of freight transport (in terms of tonne-kilometres). Rail, pipeline and inland water freight transport increased in terms of tonne-kilometres transported but their share of total freight transport decreased.

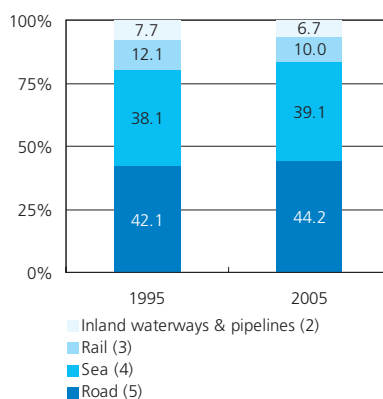
⁽⁵⁾ NACE Divisions 10, 12 to 14, 16, 19, 23 and 61, not available.

Figure 20.3
Transport services (NACE Divisions 60, 61, 62 and 63)
Share of value added by enterprise size class, EU-27, 2004 (1)



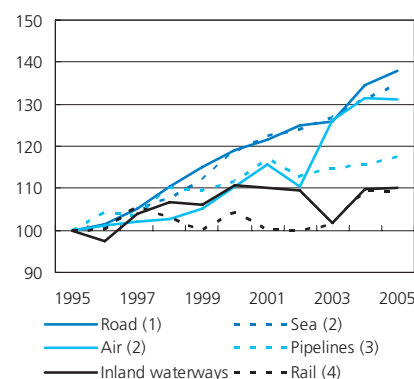
(1) Air transport, not available.
Source: Eurostat (STS)

Figure 20.4
Modal split of goods transport, EU-25
(% of billion tonne-kilometres) (1)



(1) Excluding air.
(2) Germany, crude oil only.
(3) Excluding Northern Ireland.
(4) Domestic and intra-EU-25 transport only; data under revision.
(5) Haulage by vehicles registered in the EU-25.
Source: Eurostat, ECMT, UIC, national statistics, estimates, in European Union Energy and Transport in Figures pocketbook 2006, European Commission, Directorate-General for Energy and Transport

Figure 20.5
Index of the evolution of goods transport
(billion tonne-kilometres), EU-25
(1995=100)



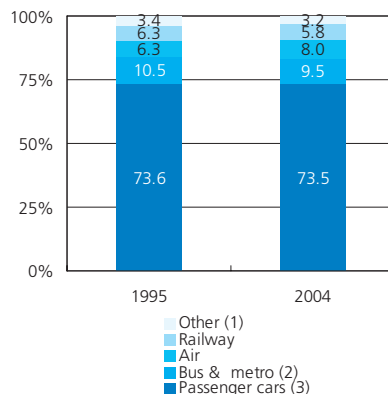
(1) Haulage by vehicles registered in the EU-25.
(2) Domestic and intra-EU-25 transport only; data under revision.
(3) Germany, crude oil only.
(4) Excluding Northern Ireland.
Source: Eurostat, ECMT, UIC, national statistics, estimates, in European Union Energy and Transport in Figures pocketbook 2006, European Commission, Directorate-General for Energy and Transport

Sea passenger transport displayed a fall in the number of passenger-kilometres transported between 1995 and 1999, since when this volume remained stable. Rail passenger transport recorded growth through until 2000 followed by a period of relative stability. Other collective land passenger transport such as bus, metro, tram and coaches recorded more stable increases in their respective volumes of passenger transport. In the EU-25 the fastest increase in passenger transport over the period considered was recorded for air transport, as its share of total passenger transport (in terms of passenger-kilometres) rose from 6.3 % in 1995 to 8.0 % by 2004. The relatively stable modal share of passenger cars reflects a growth rate in the use of passenger cars that was slightly higher than the rates recorded by most forms of passenger transport other than air transport.

EMPLOYMENT CHARACTERISTICS

On the basis of Labour Force Survey data, transport services clearly stand out from most other service activities in terms of their gender profile (see Figure 20.8). Only 20.8 % of those persons employed in this sector in 2006 in the EU-27 were women, which was around three fifths the average for the non-financial business economy, where women accounted for 35.0 % of those employed. In land transport and transport via pipelines (NACE Division 60) the share of women in the workforce was just 13.7 %, among the lowest shares across the non-financial business economy NACE divisions, higher only than in construction and a number of industrial (NACE Sections C to E) divisions. Among the four transport services NACE divisions, the share of women in the workforce was highest in air transport, at 41.4 %, above the non-financial business economy average.

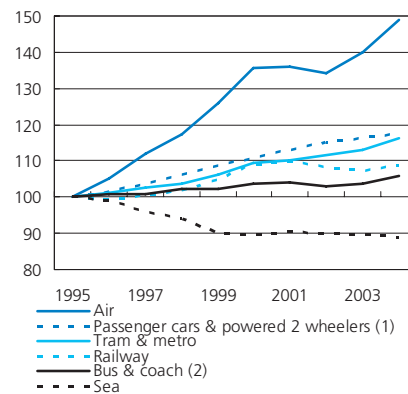
Figure 20.6
Estimated modal split of passenger transport, EU-25 (% of billion passenger-kilometres)



(1) Powered two wheelers and sea.
(2) Includes also coach and tram; only inter-urban bus and coach traffic for Poland and Slovakia; excluding Northern Ireland for bus and coach.
(3) Excluding Northern Ireland.
Source: Eurostat, ECMT, IUPT, UIC, national statistics, estimates, in European Union Energy and Transport in Figures pocketbook 2006, European Commission, Directorate-General for Energy and Transport

Part-time work was also less common in transport services than in other activities, since 90.7 % of those employed in transport services in the EU-27 in 2006 worked on a full-time basis, compared with a non-financial business economy average of 85.6 %. The high incidence of full-time employment was observed in all transport services NACE divisions, but particularly so in water transport (94.0 %) and land transport and transport via pipelines (92.5 %), while the lowest rate of full-time employment was recorded for air transport (82.6 %), some 3.0 percentage points below the non-financial business economy average.

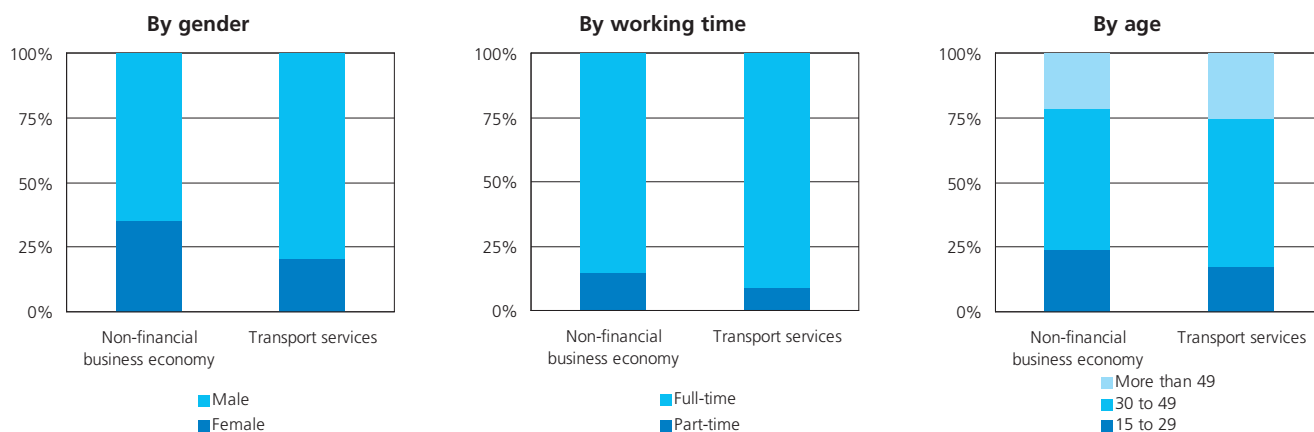
Figure 20.7
Index of the estimated evolution of passenger transport (billion passenger-kilometres), EU-25 (1995=100)



(1) Passenger cars, excluding Northern Ireland.
(2) Only inter-urban traffic for Poland and Slovakia; excluding Northern Ireland.
Source: Eurostat; ECMT, IUPT, UIC, national statistics, estimates, in European Union Energy and Transport in Figures pocketbook 2006, European Commission, Directorate-General for Energy and Transport

The age profile of the transport services workforce was also markedly different from the non-financial business economy average. The proportion of the transport services workforce aged 15 to 29 was 17.6 % in 2006, some 6.6 percentage points below the average for the non-financial business economy. The share of the transport services workforce aged 30 to 49 was 57.3 %, 3.1 percentage points higher than the non-financial business economy average, while persons aged 50 or more accounted for one quarter (25.1 %) of the workforce, compared with just over one fifth (21.6 %) for the non-financial business economy as a whole. All of the transport services NACE divisions recorded a relatively low proportion of younger

Figure 20.8
Transport services (NACE Divisions 60, 61, 62 and 63)
Labour force characteristics, EU-27, 2006



Source: Eurostat (LFS)

Table 20.4

Transport services (NACE Divisions 60, 61, 62 and 63)
Total expenditure, EU-27, 2004

	Value (EUR million)				Share (% of total expenditure)		
	Total expenditure	Purchases of goods and services	Personnel costs	Investment in tangible goods	Purchases of goods and services	Personnel costs	Investment in tangible goods
Transport services (1)	1 040 000	700 000	230 000	110 000	67.3	22.1	10.6
Transport via railways (1)	83 000	40 000	28 000	15 000	48.2	33.7	18.1
Other land transport (1)	323 000	200 000	92 000	31 000	61.9	28.5	9.6
Water transport (1)	72 200	56 000	7 200	9 000	77.6	10.0	12.5
Air transport (1)	105 000	73 000	25 000	7 000	69.5	23.8	6.7
Transport via pipelines (1) (2)	3 944	2 600	386	959	65.9	9.8	24.3
Auxiliary transport activities	325 074	213 874	64 849	46 351	65.8	19.9	14.3
Activities of travel agencies (1)	132 300	120 000	11 000	1 300	90.7	8.3	1.0

(1) Rounded estimates based on non-confidential data.

(2) EU-25.

Source: Eurostat (SBS)

workers, but this was most notable in land transport and transport via pipelines where the proportion was as low as 14.2 %, one of the lowest among the non-financial business economy NACE divisions, higher only than in water supply (NACE Division 41) and some mining and quarrying (NACE Section C) divisions. Air transport was the only transport services NACE division where the proportion of older workers (18.5 %) was below the non-financial business economy average, while the highest proportion of older workers was recorded for water transport services (28.3 %).

Structural business statistics indicate that the proportion of paid employees in the total number of persons employed (which also includes working proprietors and unpaid family workers) was around 88.0 % in the EU-27 transport services sector in 2004, which was marginally higher than the non-financial business economy average (86.2 %). All of the EU-27's transport services subsectors recorded a higher proportion of paid employees than the non-financial business economy average except for road and other land transport (80.0 %), as the share of employees in persons employed was close to or exceeded 90 % in 2004 in the remaining transport services subsectors presented in Subchapters 20.1 to 20.7.

COSTS, PRODUCTIVITY AND PROFITABILITY

Transport services reported high investment expenditure compared with operating expenditure (see Figure 20.9), underlying the capital intensive nature of some parts of the sector: gross tangible investment in EU-27 transport services was equivalent to 10.6 % of total expenditure, over double the non-financial business economy average (4.9 %). One subsector stood out from the others based on this ratio, and that was the EU-27's travel agencies subsector where gross tangible investment was equivalent to just 1.0 % of total expenditure. In the other transport subsectors ⁽⁶⁾ this ratio was in all cases above

(6) Transport via pipelines, not available.

the non-financial business economy average, and it was particularly high for rail transport at 18.1 %. Personnel costs accounted for over one fifth (22.1 %) of total expenditure in transport services, notably more than the 16.4 % non-financial business economy average. Again this share was high in rail transport where it reached 33.7 % and low among travel agencies where it was just 8.3 %. The distributive nature of travel agencies was evident from the high share of purchases of goods and services in total expenditure which was 90.7 %, compared with a transport services average of 67.3 %.

Figure 20.9

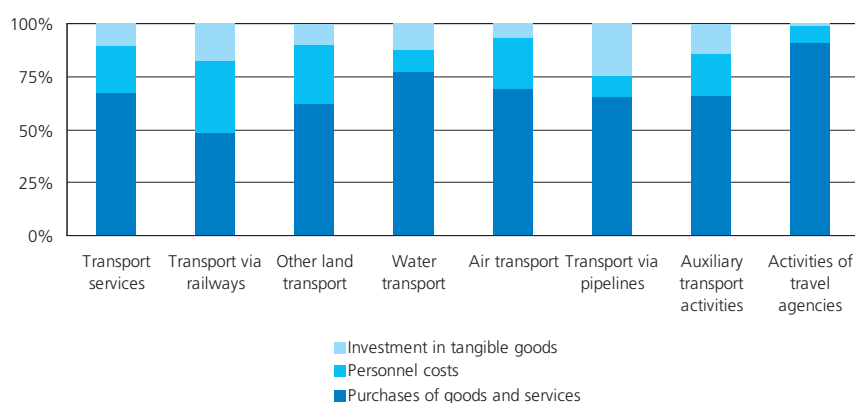
Transport services (NACE Divisions 60, 61, 62 and 63)
Total expenditure, EU-27, 2004 (1)
(1) Rounded estimates based on non-confidential data; transport via pipelines, EU-25.
Source: Eurostat (SBS)

Table 20.5

**Transport services (NACE Divisions 60, 61, 62 and 63)
Productivity and profitability, EU-27, 2004 (1)**

	Apparent labour productivity (EUR thousand) (2)	Average personnel costs (EUR thousand) (2)	Wage adjusted labour productivity (%) (3)	Gross operating rate (%) (4)
Transport services	42.0	30.0	140.0	13.3
Transport via railways	38.0	30.7	124.0	11.0
Other land transport	30.0	26.0	120.0	13.0
Water transport	110.0	:	270.0	19.5
Air transport	70.0	60.0	120.0	4.4
Transport via pipelines	374.8	42.1	890.0	52.0
Auxiliary transport activities	60.4	34.1	177.2	17.3
Activities of travel agencies	43.0	25.9	166.0	7.0

(1) Rounded estimates based on non-confidential data, except for auxiliary transport activities.

(2) Transport via railways and transport via pipelines, EU-25.

(3) Air transport and transport via pipelines, EU-25.

(4) Air transport, EU-25.

Source: Eurostat (SBS)

The high levels of full-time employment may to some extent explain why average personnel costs faced by transport services enterprises were generally high: in transport services they averaged EUR 30 000 per employee in 2004 in the EU-27 compared with EUR 27 600 for the non-financial business economy as a whole. Among the transport services subsectors average personnel costs were notably higher for air transport services where, at EUR 60 000 per employee, they were double the transport services average (see Table 20.5).

As might be expected for a capital intensive sector, the apparent labour productivity in the transport services sector (EUR 42 000 per person employed) was slightly higher than the non-financial business economy average (EUR 40 900 per person employed). However, the relatively high level of average personnel costs impacted on the wage adjusted labour productivity ratio, which represents the extent to which value added per person employed covers average personnel costs per employee. In the EU-27's transport services sector, this ratio was 140.0 % in 2004, below the non-financial business economy average of 148.0 %. A further analysis shows that there were considerable differences in the value of this ratio between the transport services subsectors, with a particularly high ratio for transport via pipelines (890.0 %, EU-25) and to a lesser extent for water transport (270.0 %).

In contrast, the gross operating rate (gross operating surplus relative to turnover) was higher for transport services (13.3 %) in 2004 than the non-financial business economy average (11.0 %). Once more water transport recorded a high value (19.5 %), but this was well below the exceptionally high gross operating rate (52.0 %) recorded for transport via pipelines, comfortably the highest rate among all non-financial business economy NACE groups.

20.1: RAIL TRANSPORT

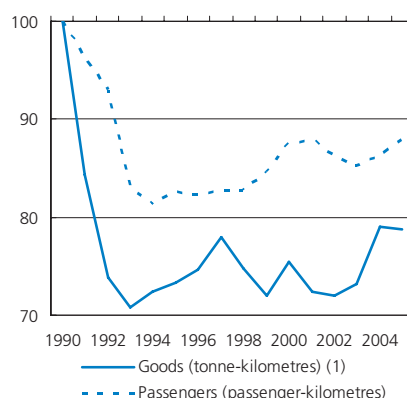
This subchapter includes information on the transport of passengers and goods by railways (NACE Group 60.1). The activities relating to the operation of the rail infrastructure are classified as auxiliary transport activities and are covered by Subchapter 20.6. Equally, this subchapter does not cover urban and suburban rail transport of passengers, which is included in the following subchapter on road and other land transport.

Considerable legislative efforts have been made to open up and revitalise the rail transport sector, motivated in part by the wish to take advantage of lower emissions from rail transport, and to reduce road congestion. The European Commission proposed three packages of legislation for rail transport. The first was adopted by the European Parliament and Council in 2001 and focused on a drive to open up the international rail freight network. The second package was adopted by the European Parliament and Council in 2004 and concerned opening-up the national rail freight transport market, as well as legislation aimed at improving interoperability (between networks) and safety. It also included the establishment of a railway agency to support the work on issues relating to safety and interoperability. Proposals for a third package were adopted by the European Commission in 2004 and concern, among other issues, opening up international passenger services to competition within the European Union, as such completing the integration of rail transport. It is hoped that improvements in rail passenger services will allow rail transport to compete more effectively with road transport as well as some segments of air transport. In June 2007 the European Parliament and Council reached agreement under the conciliation procedure on the proposals and, at the time of writing, these are expected to be adopted shortly.

In December 2006 the European Commission adopted a series of measures ⁽⁷⁾ to support the revitalisation of the railway sector by removing obstacles to the circulation of trains throughout the European rail network.

⁽⁷⁾ COM(2006) 783, 784 and 785.

Figure 20.10
Evolution of rail transport, EU-27
(1990=100)



(1) Excluding Northern Ireland.

Source: Eurostat, ECMT, UIC, national statistics, estimates, in European Union Energy and Transport in Figures pocketbook 2006, European Commission, Directorate-General for Energy and Transport

STRUCTURAL PROFILE

Value added in the EU-27's rail transport (NACE Group 60.1) sector reached EUR 34.0 billion in 2004, equivalent to 9.4 % of the transport services (NACE Divisions 60 to 63) total. In the EU-25, there were 640 enterprises in this sector with a total of 900 900 persons employed, equivalent to 11.0 % of the EU-25's transport services workforce. Although data availability among the Member States is weak in this sector, it is clear that the rail transport sector is particularly important in Austria, Hungary and Poland, as this sector accounted for 2.1 %, 1.5 % and 1.4 % respectively of national non-financial business economy value added, between two and three times the 0.7 % share for the EU-27 as a whole.

Box 20.1: structural change - rail transport services and infrastructure

In business statistics (SBS), enterprises are classified according to their principal activity. An enterprise that is simultaneously a rail service operator and a rail infrastructure operator would often be classified in the rail transport activity (NACE Group 60.1), assuming that the rail service operation part is the larger of the two activities. If such an enterprise is split into two separate enterprises (as has happened in some countries), only the rail transport enterprise would stay classified to NACE Group 60.1, and the rail infrastructure operator would be classified to supporting land transport activities (NACE Class 63.21) - this in part explains some of the large changes in employment in the rail transport sector seen in recent years.

TRANSPORT OF GOODS AND PASSENGERS

During several decades rail transport volumes declined in the EU, both for goods and passenger transport, but this decline reversed during the 1990s. Figure 20.10 shows the development of both types of rail transport between 1990 and 2005 and the reversal in fortunes can be clearly seen: passenger transport volumes reached a low in 1994, since when average growth was 0.7 % per annum; goods transport volumes stabilised in 1993 since when average growth was 0.9 % per annum.

COSTS, PRODUCTIVITY AND PROFITABILITY

Average personnel costs in the EU-25 rail transport sector reached EUR 30 700 per employee in 2004, around EUR 1 000 below the EU-25's transport services average. The wage adjusted labour productivity ratio in the EU-27 was 124.0 % in the rail transport sector, which was some way below the 140.0 % average for all transport services. The gross operating rate, calculated as the ratio of gross operating surplus (value added less personnel costs) to turnover, for the EU-27's rail transport sector stood at 11.0 % in 2004, the same as the non-financial business economy average and therefore below the transport services average of 13.3 %.

20.2: ROAD AND OTHER LAND TRANSPORT

Road and other land transport activities (NACE Group 60.2) cover road freight transport, urban and suburban passenger transport by bus, coach, tram, trolleybus, underground or elevated railway, inter-city land passenger transport (other than railways), as well as taxi operations and charters. This definition includes a diverse number of enterprises, ranging from independent lorry or taxi drivers to large national or metropolitan public transport enterprises.

Road freight transporters have over a long period expanded beyond simple transport services, to provide other supporting activities, notably logistics and warehousing, competing with specialists in these activities as well as wholesalers who have also extended the range of their operations into transport and supporting activities - see Chapter 17. Road transport has been one of the main areas of growth in the transport services sector as it benefited from increased demand for mobility and flexibility from private individuals and enterprises alike. In May 2007 the European Commission adopted three proposals⁽⁸⁾ aimed at modernising the rules governing road transport operators and access to the road transport market. The proposals aim to reduce distortions of competition and improve transport operators' compliance with the provisions of social legislation and road safety rules.

A proposal⁽⁹⁾ for a regulation on public passenger transport services by rail and by road was adopted by the European Commission in July 2005: at the time of writing a common position had been reached on this.

⁽⁸⁾ COM(2007) 263 to 265.

⁽⁹⁾ COM(2005) 319.

Table 20.6
Other land transport (NACE Group 60.2)
Structural profile, EU-27, 2004 (1)

	No. of enterprises (thousands)	Turnover (EUR million)	Value added (EUR million)	Employment (thousands) (2)
Other land transport	900.0	320 000	135 000	4 299.3
Other scheduled passenger land transport; taxi operation; other land passenger transport	:	80 000	50 000	1 700.0
Freight transport by road	600.0	240 000	90 000	2 600.0

(1) Rounded estimates based on non-confidential data.

(2) EU-25.

Source: Eurostat (SBS)

Early in 2007 the European Commission announced plans to publish a Green paper on urban transport in the autumn of 2007, to look among others at the questions of congestion and pollution linked to this type of transport. This will address all transport modes, including walking, cycling, motor cycles and motor vehicles, and will cover both urban freight (and logistics) and passenger transport.

The European Commission's communication⁽¹⁰⁾ on alternative fuels for road transport in 2001 identified biofuels as one possible transport fuel, and later targets were set for biofuel use. To further stimulate the use of biofuels the European Commission presented a biomass action plan in December 2005 and in February 2006 it adopted a communication on an EU strategy for biofuels.

STRUCTURAL PROFILE

Some 900 000 enterprises were registered in the road and other land transport (NACE Group 60.2) sector which generated value added of EUR 135 billion in 2004 in the EU-27. As such, road and other land transport accounted for close to two fifths (37.5 %) of all value added generated by transport services (NACE Divisions 60 to 63) in

2004. Table 20.6 shows that within road and other land transport services, by far the largest activity in value added terms was the road freight transport (NACE Class 60.24) subsector which accounted for around two thirds of the value added created by the EU-27's road and other land transport sector in 2004, the remainder being generated by other passenger land transport activities (NACE Classes 60.21 to 60.23). The relative importance of the road freight transport subsector on the one hand and other passenger land transport on the other differed considerably between the Member States⁽¹¹⁾: the share of road freight (in value added terms) rose above 80 % of the sector total in Estonia (2003), the Czech Republic and Slovenia, while the other passenger land transport subsector generated around half of sectoral value added in Slovakia, and Cyprus - it should be noted that Cyprus has no rail network as an alternative form of inland passenger transport, and many residents and tourists therefore use other forms of public transport (notably buses, coaches, minibuses and taxis).

⁽¹¹⁾ Estonia, Luxembourg and Portugal, 2003; Bulgaria, Denmark, Ireland, Greece and Malta, not available.

⁽¹⁰⁾ COM(2001) 547.

Table 20.7
Other land transport (NACE Group 60.2)
Structural profile: ranking of top five Member States, 2004

Rank	Share of EU-27 value added (%) (1)	Share of EU-25 employment (%) (2)	Value added specialisation ratio (EU-27=100) (3)	Employment specialisation ratio (EU-25=100) (4)
1	France (15.6)	Germany (13.3)	Lithuania (189.6)	Lithuania (163.7)
2	Germany (14.9)	France (13.0)	Finland (146.6)	Finland (142.9)
3	United Kingdom (14.2)	Spain (12.3)	Austria (141.0)	Latvia (136.9)
4	Italy (12.5)	United Kingdom (11.9)	Spain (136.7)	Sweden (133.3)
5	Spain (12.3)	Italy (11.1)	Czech Republic (134.9)	Hungary (133.2)

(1) Bulgaria, Denmark, Estonia, Ireland, Greece, Luxembourg, Malta and Portugal, not available.

(2) Denmark, Estonia, Ireland, Greece, Luxembourg, Malta, Netherlands and Portugal, not available.

(3) Bulgaria, Denmark, Estonia, Ireland, Greece, Cyprus, Luxembourg, Malta and Portugal, not available.

(4) Denmark, Estonia, Ireland, Greece, Cyprus, Luxembourg, Malta, Netherlands and Portugal, not available.

Source: Eurostat (SBS)

Employment in the road and other land transport sector in the EU-25 was about 4.3 million in 2004. As such, the road and other land transport sector supplied just over half (52.5 %) the workforce in transport services in the EU-25.

Unsurprisingly, the larger Member States contributed the greatest shares of EU-27 value added in this sector (see Table 20.7). France, the United Kingdom and Germany all accounted for around 15 % of EU-27 value added in 2004. However, an analysis based on relative specialisation highlights the importance of the road and other land transport sector in several other Member States ⁽¹²⁾. For example, this activity contributed 5.0 % of non-financial business economy value added in Lithuania, and over 3.5 % in Finland, Luxembourg (2003), Austria, Spain, the Czech Republic, the Netherlands and Hungary. In contrast, the road and other land transport sector was notably smaller in relative terms in Slovakia and Germany where it accounted for less than 2.0 % of the value added created within the non-financial business economy.

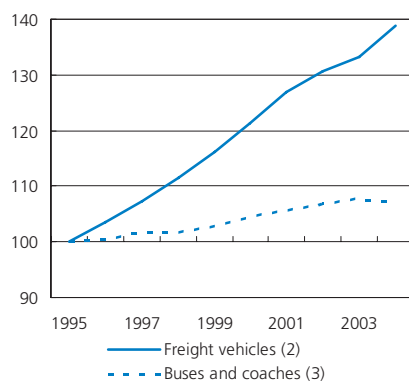
TRANSPORT OF GOODS AND PASSENGERS

When analysing statistics on land transport traffic volumes it is important to bear in mind that this includes own account transport as well as transport services marketed to clients (for hire and reward). Figure 20.11 highlights the growth in the stock of road transport vehicles (buses, coaches and road freight vehicles) between 1995 and 2004 for the EU-27. Road freight vehicles in particular experienced very strong growth whereas for buses and coaches the growth was more subdued, with the stock of such vehicles falling in 2004.

The volume of traffic within the EU-25 is shown in Figure 20.12 for the main collective land passenger transport modes and for road freight. As can be seen the volume of passenger transport by trams and metros increased significantly faster since 1995 than for buses and coaches, but both of these were outstripped by the growth in road freight. Table 20.8 shows the development of road freight transport in the Member States over a shorter period, between 2000 and 2005. Only Belgium, Denmark and Finland witnessed a fall in road freight transport volumes, while the strongest growth was recorded in the two Member States that joined the EU in 2007, with the volume of road haulage more than trebling in Romania and more than doubling in Bulgaria during the five years considered.

⁽¹²⁾ Estonia, Luxembourg and Portugal, 2003; Bulgaria, Denmark, Ireland, Greece, Cyprus and Malta, not available.

Figure 20.11
Evolution of the end of year stock of road vehicles, EU-27 (1995=100) (1)



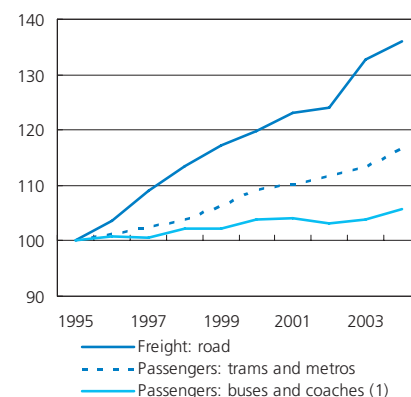
(1) Belgium, stock as of 1 August.
(2) The data is not fully comparable between countries.
(3) Includes all public or private vehicles able to carry 9 or more passengers.
Source: Eurostat, national statistics, study for Energy and Transport DG, in European Union Energy and Transport in Figures pocketbook 2006, European Commission, Directorate-General for Energy and Transport

COSTS, PRODUCTIVITY AND PROFITABILITY

The road and other land transport sector is characterised by a relatively low apparent labour productivity: In 2004, this was EUR 30 000 per person employed in the EU-27, well below the transport services average of EUR 42 000 and also the non-financial business economy average of EUR 40 900. Average personnel costs were also low at EUR 26 000 per employee, resulting in a wage adjusted labour productivity ratio of 120.0 %, among the lowest of the transport services activities. Despite these low average personnel costs per employee, expenditure on personnel accounted for 28.5 % of total expenditure in the EU-27's road and other land transport sector, which was approximately 1.3 times the share recorded for transport services as a whole.

Some four fifths (80.0 %) of persons employed in this sector in the EU-27 were paid employees, the lowest share of all of the transport services presented in Subchapters 20.1 to 20.7. This may in part explain why, despite low levels of productivity, the gross operating rate for the EU-27's road and other land transport sector (13.0 %) in 2004 was only slightly below the transport services average (13.3 %) and above the non-financial business economy average (11.0 %) - see Table 20.9.

Figure 20.12
Evolution of the volume (passenger/tonne-kilometres) of other land transport, EU-25 (1995=100)



(1) Poland and Slovakia, only inter-urban traffic; excluding Northern Ireland.
Source: Eurostat, ECMT, IUPT, national statistics, estimates in European Union Energy and Transport in Figures pocketbook 2006, European Commission, Directorate-General for Energy and Transport

Table 20.8
Road freight transport traffic; national and international haulage by vehicles registered in the country (billion tonne-kilometres)

	2000	2001	2002	2003	2004
EU-27	1 507.5	1 545.0	1 594.4	1 612.8	1 731.9
BE	51.0	53.2	52.9	50.5	47.9
BG	6.4	8.0	8.8	9.5	12.0
CZ	37.3	39.1	43.7	46.5	46.0
DK	24.0	22.2	22.5	23.0	23.1
DE	280.7	289.0	285.2	290.7	303.8
EE (1)	3.9	4.7	4.4	4.0	5.1
IE	12.3	12.3	14.3	15.7	17.1
EL	17.5	18.5	19.3	20.2	21.1
ES	148.7	161.0	184.5	192.6	220.8
FR	204.0	206.9	204.4	203.6	212.2
IT (2)	184.7	186.5	192.7	174.1	197.0
CY	1.3	1.3	1.3	1.4	1.1
LV	4.8	5.4	6.2	6.8	7.4
LT	7.8	8.3	10.7	11.5	12.3
LU	7.6	8.7	9.2	9.6	9.6
HU	19.1	18.5	17.9	18.2	20.6
MT	0.5	0.5	0.5	0.5	0.5
NL	79.6	78.5	77.4	79.8	89.7
AT	35.1	37.5	38.5	39.6	39.2
PL (2)	75.0	77.2	80.3	86.0	102.8
PT (2)	38.9	40.5	40.2	39.8	40.8
RO	14.3	18.5	25.4	30.8	37.2
SI (3)	5.3	7.0	6.6	7.0	9.0
SK	14.3	13.8	14.9	16.7	18.5
FI	32.0	30.5	32.0	30.9	32.3
SE	35.6	34.2	36.7	36.6	36.9
UK	165.6	163.3	164.0	167.1	167.8

(1) Break in series 2002/2003.
(2) Break in series 2003/2004.
(3) Break in series 2000/2001.
Source: Eurostat, ECMT, national statistics, estimates, in European Union Energy and Transport in Figures pocketbook 2006, European Commission, Directorate-General for Energy and Transport

Table 20.9

**Other land transport (NACE Group 60.2)
Productivity and profitability, EU-27, 2004 (1)**

	Apparent labour productivity (EUR thousand)	Average personnel costs (EUR thousand)	Wage adjusted labour productivity (%)	Gross operating rate (%)
Other land transport	30.0	26.0	120.0	13.0
Other scheduled passenger land transport; taxi operation; other land passenger transport (2)	:	25.0	110.0	13.1
Freight transport by road	33.0	26.0	130.0	13.0

(1) Rounded estimates based on non-confidential data.

(2) Gross operating rate, EU-25.

Source: Eurostat (SBS)

20.3: WATER TRANSPORT

This subchapter covers all water transport activities, both sea and coastal transport (NACE Group 61.1) and inland water transport (NACE Group 61.2). For information on water transport networks and ports see Subchapter 20.6.

Maritime freight shipping is made up of line (generally scheduled services) and tramp shipping, with a distinction between tankers (liquid and gas) and bulk carriers, and between containerised and general cargo. As well as freight, maritime transport activities also cover passenger transport, for example, scheduled ferry services and cruises. The EU relies heavily on maritime transport for its external trade. Inland navigation traditionally holds a strong market share in the transport of bulk cargo (such as iron ores, construction materials and metal products). In addition to these traditional markets, inland navigation is expanding into new markets such as the hinterland transport of maritime containers, waste and recycling, dangerous goods, and the transport of vehicles.

In December 2006 the European Parliament and Council adopted a directive⁽¹³⁾ on technical criteria for inland waterway vessels, which aims to improve safety and promote inland waterway transport.

In May 2007 the European Commission published a Green paper⁽¹⁴⁾ on better ship dismantling in response to concerns about environmental protection and safety measures.

⁽¹³⁾ Directive 2006/87/EC of 12 December 2006, Official Journal L389 p. 1 of 30.12.2006.

⁽¹⁴⁾ COM(2007) 269.

Table 20.10

**Water transport (NACE Division 61)
Structural profile, EU-27, 2004 (1)**

	No. of enterprises (thousands)	Turnover (EUR million)	Value added (EUR million)	Employment (thousands)
Water transport	16.0	80 000	22 000	200.0
Sea and coastal water transport	7.5	72 000	20 000	150.0
Inland water transport	8.6	5 000	1 800	40.0

(1) Rounded estimates based on non-confidential data.

Source: Eurostat (SBS)

STRUCTURAL PROFILE

In 2004 there were some 16 000 enterprises in water transport services (NACE Division 61) in the EU-27, while their value added equated to EUR 22.0 billion, which represented 6.1 % of the wealth created in all transport services (NACE Divisions 60 to 63). Employment in the water transport services sector was 200 000 persons, which represented just 2.3 % of the transport services' total, less than two fifths the contribution of this sector in terms of value added. Sea and coastal transport (NACE Group 61.1) dominated the water transport services sector, with EUR 20.0 billion value added and 150 000 persons employed in 2004, the remainder accounted for by inland water transport (NACE Group 61.2) - see Table 20.10.

Naturally, the importance of water transport services may depend largely on geographical, climatic, or historical reasons. For example, as much as one third of transport services' value added was accounted for by the water transport services sector in Denmark (35.5 %), and in Cyprus the share was 25.4 %. In contrast, all of the Member States with no coastline reported only limited activity within the water transport services sector. Consequently, within the EU-27 Denmark had the second largest water transport sector (18.1 % of the EU-27 total) behind Germany (26.6 %), and the Netherlands had the fifth largest share (9.1 %), not far behind the United

Kingdom and Italy - see Table 20.11. In the four Member States with the largest water transport services sectors the sea and coastal transport subsector dominated, generating over nine tenths of sectoral value added (a share reaching 99.5 % in Denmark). In the Netherlands, inland water transport was much more significant, accounting for more than one third (35.1 %) of Dutch water transport value added; this was reflected in the fact that the Netherlands had the largest inland water transport subsector in the EU-27, with nearly two fifths of the EU-27's total value added in this subsector.

Within the EU-27 water transport recorded the strongest growth in the turnover indices between 2000 and 2006 among the transport services NACE divisions, an average increase of 6.8 % per annum over this period. In contrast, the employment index recorded an average fall of 2.9 % per annum over the period shown (1998 to 2006) in Figure 20.13, with considerable contractions in 1999 and 2000 (around -10 % each year) followed by a period of relative stability. In 2006 the employment index in water transport contracted by 1.3 %, and as such this was the only transport services NACE division to record a fall in the EU-27 in this year, and only one of two non-financial services NACE divisions⁽¹⁵⁾ that recorded a reduction in employment in 2006.

⁽¹⁵⁾ Short-term business statistics in services cover NACE Sections G, H and I and Divisions 72 and 74.

Table 20.11

Water transport (NACE Division 61)

Structural profile: ranking of top five Member States, 2004

Rank	Share of EU-27 value added (%) (1)	Share of EU-27 employment (%) (2)	Value added specialisation ratio (EU-27=100) (3)	Employment specialisation ratio (EU-27=100) (4)
1	Germany (26.6)	Germany (13.3)	Denmark (902.1)	Denmark (490.8)
2	Denmark (18.1)	Italy (12.3)	Netherlands (199.4)	Finland (418.7)
3	United Kingdom (13.2)	United Kingdom (8.9)	Finland (187.4)	Sweden (412.6)
4	Italy (11.9)	Sweden (8.5)	Bulgaria (179.6)	Bulgaria (216.5)
5	Netherlands (9.1)	France (8.3)	Lithuania (152.6)	Estonia (197.1)

(1) Czech Republic, Ireland, Greece, Luxembourg, Malta and Romania, not available.

(2) Czech Republic, Ireland, Greece, Luxembourg, Malta, Netherlands and Romania, not available.

(3) Czech Republic, Ireland, Greece, Cyprus, Luxembourg, Malta and Romania, not available.

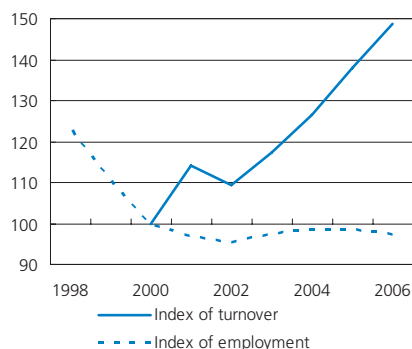
(4) Czech Republic, Ireland, Greece, Cyprus, Luxembourg, Malta, Netherlands and Romania, not available.

Source: Eurostat (SBS)

Figure 20.13

Water transport (NACE Division 61)

Evolution of main indicators, EU-27 (2000=100)



Source: Eurostat (STS)

Table 20.12

Merchant fleet, EU-27, 2005 (1)

	Number of ships (units)	Tonnage (million DWT)
Total fleet controlled	9 741	317
National flag	3 283	104
Foreign flag	6 458	213

(1) Ships of 1 000 GRT and over, as of 1 January 2005; including international registers like the Danish International Ship Register; including vessels registered at territorial dependencies.

Source: ISL merchant fleet databases, based on the Lloyd's Maritime Information System, in European Union Energy and Transport in Figures pocketbook 2006, European Commission, Directorate-General for Energy and Transport

Table 20.13

Seaborne transport of goods and passengers, 2005

	Goods (million tonnes)		Passengers (thousands)	
	Inward	Outward	Inward	Outward
EU-27 (1)	2 342.3	1 375.5	193 924	192 684
BE	116.6	89.9	461	461
BG	14.3	10.5	8	4
CZ	-	-	-	-
DK	53.5	46.1	23 963	23 961
DE	172.3	112.6	14 677	14 813
EE	4.6	42.0	3 454	3 432
IE	37.7	14.5	1 666	1 609
EL	88.2	63.1	42 915	43 153
ES	290.5	109.5	11 880	10 530
FR	243.7	97.7	12 849	12 955
IT	348.2	160.7	39 476	39 277
CY	6.0	1.3	97	97
LV	4.7	55.0	68	75
LT	4.7	21.4	82	85
LU	-	-	-	-
HU	-	-	-	-
MT	3.3	0.2	89	89
NL	351.0	110.0	1 058	1 057
AT	-	-	-	-
PL	16.4	38.4	816	831
PT	47.5	17.8	332	330
RO	25.2	22.7	:	:
SI	9.0	3.6	18	18
SK	-	-	-	-
FI	54.7	44.8	8 582	8 530
SE	95.8	82.3	16 380	16 237
UK	354.4	231.3	15 062	15 145

(1) Passengers, EU-25.

Source: Eurostat (Maritime transport)

TRANSPORT OF GOODS AND PASSENGERS

Table 20.13 shows the size of sea transport. The total movement of goods, both inward and outward reached 3 700 million tonnes in the EU-27 in 2005. The United Kingdom accounted for the largest share of sea transport of goods (both inward and outward), with 15.8 % of the

EU-27 total, followed by Italy (13.7 %) and the Netherlands (12.4 %). Only in the Baltic States and Poland did the outward volume of sea freight transport exceed the inward volume, with Malta having by far the highest ratio of inward to outward sea freight transport.

The total number of sea passengers in the EU-25 was 386.6 million in 2005 (inward plus outward), of which Greece (22.3 %) and Italy (20.4 %) provided by far the largest shares. The Nordic trio of Denmark (12.4 %), Sweden (8.4 %) and Finland (4.4 %) also contributed relatively high shares.

COSTS, PRODUCTIVITY AND PROFITABILITY

Like several other transport services, water transport services reported relatively high investment expenditure as a share of total expenditure, 12.5 % for the EU-27 in 2004, above the transport services average of 10.6 %. This share was as high as 16.5 % in inland water transport. In contrast, the share of personnel costs in total expenditure was just 10.0 % in water transport, less than half the transport services average (22.1 %). This share was 9.5 % in the sea and coastal transport subsector, compared with 19.3 % for the smaller inland water transport subsector.

Water transport services were characterised by high apparent labour productivity. Value added per person employed was EUR 110 000 in the EU-27's water transport sector in 2004, with the sea and coastal transport subsector recording a value of EUR 133 300 per person employed, approximately three times as high as the value of EUR 45 000 per person employed that was recorded for inland water transport. The wage adjusted labour productivity ratio for the sector as a whole was 270.0 % in the EU-27, with the sea and coastal transport subsector recording a ratio of 290.0 % and the inland water transport subsector a ratio of 160.0 %, both well above the transport services average. The gross operating rate was also high in this activity in the EU-27, as the gross operating surplus, despite high personnel costs, was equivalent to 19.5 % of turnover in 2004.

20.4: AIR TRANSPORT

The air transport sector comprises enterprises engaged in the transport of passengers and freight by air on scheduled (NACE Group 62.1) as well as unscheduled services (NACE Group 62.2). Space transport activities (NACE Group 62.3), which essentially include the launching of satellites and space vehicles are also covered by the air transport sector. For information on airports see Subchapter 20.6.

The expansion of air traffic has faced criticism, notably because of the growing levels of emissions and noise from this means of transport, although emissions have grown more slowly than air traffic volumes due to technological improvements. Following on from its September 2005 communication ⁽¹⁶⁾ on reducing the climate change impact of

⁽¹⁶⁾ COM(2005) 459.

aviation, in December 2006 the European Commission adopted proposals ⁽¹⁷⁾ to include aviation in the existing emissions trading scheme for carbon dioxide.

Growth in EU air traffic has occurred during a period of market liberalisation and structural change, with an increased number of operators, particularly low cost carriers. The development of low cost carriers has expanded the market for air travel, by offering the possibility of relatively cheap flights for the leisure market. The three largest low cost carriers in Europe in 2005 in terms of passenger-kilometres were easyJet (26.2 billion passenger-kilometres), Ryanair (25.2 billion passenger-kilometres) and Air-Berlin (19.4

⁽¹⁷⁾ COM(2006) 818.

billion passenger-kilometres) ⁽¹⁸⁾. The growth in the activity of low cost airlines can be seen for example through a time series for Air-Berlin ⁽¹⁹⁾ passenger numbers, which shows double-digit annual growth each and every year during the last ten years, with growth of 40 % or more in some years, most notably in 2006.

In April 2007 the European Union and the United States of America signed the first EU-US aviation agreement ⁽²⁰⁾ which will be applied from March 2008 and is a first step in opening up the EU and US air services markets so that airlines can provide air services in the combined market without restrictions.

⁽¹⁸⁾ Association of European Airlines, International Air Transport Association, air companies, in European Union Energy and Transport in Figures pocketbook 2006, European Commission, Directorate-General for Energy and Transport.

⁽¹⁹⁾ <http://www.airberlin.com>.

⁽²⁰⁾ Air transport agreement, Official Journal L134 p. 4, of 25.5.2007.

Table 20.14

Air transport (NACE Division 62) Structural profile: ranking of top five Member States, 2004

Rank	Share of EU-25 value added (%) (1)	Share of EU-27 employment (%) (2)	Value added specialisation ratio (EU-25=100) (3)	Employment specialisation ratio (EU-27=100) (4)
1	United Kingdom (35.3)	United Kingdom (21.4)	Luxembourg (528.6)	Denmark (219.9)
2	France (16.7)	France (18.1)	Netherlands (180.7)	Finland (190.1)
3	Netherlands (9.4)	Germany (13.3)	United Kingdom (161.1)	Sweden (172.6)
4	Spain (8.7)	Spain (9.0)	Portugal (147.4)	France (158.0)
5	Italy (5.0)	Italy (6.2)	Finland (126.6)	United Kingdom (148.9)

(1) Ireland, Greece and Malta, not available; Czech Republic and Luxembourg, 2003.

(2) Czech Republic, Ireland, Greece, Luxembourg, Malta, Netherlands and Romania, not available.

(3) Ireland, Greece, Cyprus and Malta, not available; Czech Republic and Luxembourg, 2003.

(4) Czech Republic, Ireland, Greece, Cyprus, Luxembourg, Malta, Netherlands and Romania, not available.

Source: Eurostat (SBS)

STRUCTURAL PROFILE

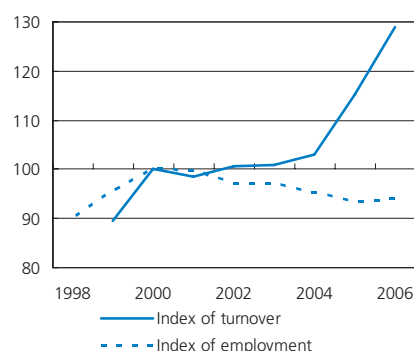
In 2004 there were 3 200 enterprises in the air transport sector (NACE Division 62) in the EU-27 which employed 400 300 persons; this was the equivalent of 4.9 % of the transport services' (NACE Divisions 60 to 63) workforce. In the EU-25, the air transport sector contributed an 8.2 % share of transport services' value added in 2004, some EUR 30.0 billion. More than one third (35.3 %) of the EU-25's value added was generated in the United Kingdom alone, while France's contribution was 16.7 % with the Netherlands (9.4 %) and Spain (8.7 %) the next largest contributors in value added terms. Germany recorded a negative value added in 2004, and this Member State's relative size can be better expressed by its 13.2 % share of the EU-25 workforce: the low (and in some years negative) German value added may partly reflect the situation where some of the revenue for German air transport operators is recorded in non-German subsidiaries.

Luxembourg (2003) was the most specialised Member State ⁽²¹⁾ in this sector as air transport represented 3.6 % of non-financial business economy value added. In value added terms the Netherlands and the United Kingdom were also relatively specialised in this sector as were the Nordic Member States of Denmark, Finland and Sweden in employment terms - see Table 20.14. Although precise shares of the air transport sector in non-financial business economy value added and employment can not be calculated for Ireland and Cyprus it is likely that these two Member States were also relatively specialised in air transport.

At 4.3 % per annum air transport recorded the slowest average growth among the transport services NACE divisions between 2000 and 2006. This was composed of a period of falling turnover in 2001 followed by three years of relatively moderate growth, reflecting a general economic slowdown as well as a number of exceptional circumstances such as terrorist attacks and the SARS outbreak. The two most recent years show that the air transport sector experienced growth of 11.8 % in 2005 and 12.1 % in 2006, the highest growth rates among transport services NACE divisions in both years. The employment index grew strongly in 1999 and 2000, followed by a more gentle decline most years since then, with the 0.5 % increase of 2006 the only significant recent employment gain in this sector.

⁽²¹⁾ Czech Republic and Luxembourg, 2003; Ireland, Greece, Cyprus, Malta and Romania, not available.

Figure 20.14
Air transport (NACE Division 62)
Evolution of main indicators, EU-27
(2000=100)



Source: Eurostat (STS)

TRANSPORT OF GOODS AND PASSENGERS

Turning to traffic figures, Table 20.15 shows the number of passengers, with the United Kingdom accounting for one quarter (24.8 %) of passengers flying outside of the EU-25, and Germany just over one fifth (20.5 %), while for intra-EU air travel the United Kingdom again topped the ranking (39.0 % of EU-25 passengers) followed by Spain (30.0 %). Tables 20.16 and 20.17 show the scheduled ⁽²²⁾ volume of passenger traffic on a selection of airlines represented by the Association of European Airlines (AEA) and by the European Regions Airline Association (ERA).

⁽²²⁾ Passenger traffic on scheduled services that are performed according to a published timetable, or services that are so regular or frequent as to constitute a recognisably systematic service, which is open to direct booking by members of the public; and extra flights, section flights occasioned by overflow traffic from scheduled flights.

Table 20.15
Air passenger numbers, 2005 (thousands)

	Total	National	Intra-EU-25	Extra-EU-25
EU-25 (1)	704 159	160 784	298 334	245 042
BE	17 814	1	12 885	4 928
BG	:	:	:	:
CZ	11 266	195	8 042	3 029
DK	22 173	1 672	14 254	6 247
DE	145 977	21 901	73 904	50 172
EE	1 393	21	1 192	180
IE	24 254	641	21 023	2 590
EL	30 799	5 763	21 398	3 638
ES	143 680	39 005	89 483	15 191
FR	107 955	26 661	42 995	38 300
IT	87 906	24 664	46 152	17 091
CY	6 782	0	5 643	1 139
LV	1 872	0	1 589	282
LT	1 434	3	1 194	237
LU	1 538	:	1 313	225
HU	8 049	2	5 951	2 096
MT	2 757	8	2 444	305
NL	46 433	82	26 173	20 178
AT	19 685	575	12 265	6 844
PL	7 080	861	4 597	1 622
PT	20 272	2 966	13 954	3 352
RO (2)	3 494	274	:	:
SI	1 217	0	786	431
SK	1 519	63	1 101	355
FI	12 348	2 819	7 476	2 053
SE	20 997	6 191	11 138	3 669
UK	204 013	26 688	116 438	60 887

(1) For intra-EU transport, passengers are counted only once, not at departure and arrival.

(2) Total international transport (extra- and intra-EU combined) was 3.22 million passengers. Source: Eurostat (Air transport)

Table 20.16
Scheduled passenger traffic - selected airlines, 2006

		(million passengers boarded)	Annual growth, rel. to 2005 (%)
Lufthansa	DE	51.2	4.6
Air France	FR	49.3	4.7
British Airways	UK	36.1	1.6
Iberia	ES	27.2	0.6
SAS	DK/SE/NO	25.1	0.3
Alitalia	IT	24.1	0.2
KLM	NL	22.4	4.4
Turkish airlines	TR	20.6	20.8
Swiss International airlines	CH	10.6	10.3

Source: AEA, <http://www.aea.be>

Table 20.17
Scheduled passenger traffic - selected regional airlines, 2006

	(million passengers)	Annual growth, rel. to 2005 (%)
Lufthansa Regional	11.2	-0.4
Lufthansa CityLine	6.2	4.2
Air Nostrum	5.3	12.4
Tyrolean Airways	4.1	7.8
Aegean Airlines	4.0	10.1
Brit Air (+ Air France)	4.0	14.0
Régional	3.9	3.7

Source: ERA, <http://www.eraa.org>

Table 20.18

Air transport (NACE Division 62)
Total expenditure, EU-27, 2004 (1)

	Value (EUR million)			Share (% of total expenditure)			
	Total expenditure	Purchases of goods and services	Personnel costs	Investment in tangible goods	Purchases of goods and services	Personnel costs	Investment in tangible goods
Air transport	105 000	73 000	25 000	7 000	69.5	23.8	6.7

(1) Rounded estimates based on non-confidential data.
Source: Eurostat (SBS)

COSTS, PRODUCTIVITY AND PROFITABILITY

Gross tangible investment by the EU-27's air transport sector in 2004 was equivalent to just 6.7 % of total expenditure (see Table 20.18), well below the transport services average (10.6 %) but above the non-financial business economy average (4.9 %). Investment figures can be volatile, particularly in activities that make occasional, very large purchases such as the air transport sector: a snapshot of investment in just one year needs therefore to be interpreted with care. In 2004 the shares of personnel costs (23.8 %) and of purchases of goods and services (69.5 %) in total expenditure recorded by the EU-27's air transport sector were both slightly higher than the average shares recorded for all transport services.

Practically all (99.1 %) of the persons employed in the EU-27's air transport sector were paid employees in 2004, and among the Member States ⁽²³⁾ with data available, only in Sweden (85.4 %) was this share below 95 % in 2004. Average personnel costs were significantly higher in the air transport sector than in the other transport services' NACE divisions. In the EU-27, enterprises in the air transport sector faced average personnel costs of EUR 60 000 per employee in 2004, double the average of EUR 30 000 per employee recorded for transport services as a whole. These high figures for average personnel costs were only partly compensated for by higher apparent

labour productivity, which reached EUR 70 000 per person employed in 2004. This was reflected in a wage adjusted labour productivity ratio that was 120.0 % for the EU-25, below the EU-25's transport services average of 140.1 %. High average personnel costs also resulted in a relatively low gross operating surplus (value added minus personnel costs), and when compared with turnover this gave a gross operating rate of 4.4 % for the EU-25 for the air transport sector, the lowest of the transport activities presented in Subchapters 20.1 to 20.7, and only around one third the average rate for EU-25 transport services as a whole.

⁽²³⁾ Czech Republic and Luxembourg, 2003; Ireland, Greece, Malta, the Netherlands and Romania, not available.

20.5: PIPELINES

Transport via pipelines (NACE Group 60.3) includes the transport of gases, liquids, slurry and other commodities via pipelines and the operation of pump stations; it does not include the distribution (as opposed to the transport) of natural or manufactured gas via mains, or of water or steam.

STRUCTURAL PROFILE

The EU-27's transport via pipelines (NACE Group 60.3) sector had approximately 120 enterprises which together generated EUR 3.5 billion of value added in 2004 and as such its share in transport services (NACE Divisions 60 to 63) value added was 1.0 %. Although data is only available for a few Member States it is clear that in value added terms this sector is dominated by Italy which accounted for 45.7 % of the EU-27's value added in 2004, while Poland also recorded a relatively large share (11.2 %). Employment in this sector in the EU-25 was around 9 200 persons in 2004, just 0.1 % of the transport services total.

COSTS, PRODUCTIVITY AND PROFITABILITY

In 2004 transport via pipelines recorded apparent labour productivity of EUR 374 800 per person employed in the EU-25, an extremely high level reflecting the capital intensive nature of this activity. Average personnel costs in the EU-25's transport via pipelines sector were EUR 42 100 per employee, and the combination of these two indicators resulted in an exceptionally high wage adjusted labour productivity ratio of 890.0 %, many times greater than the EU-25 transport services average of 140.1 %. Likewise, the EU-27's gross operating rate was very high in this sector, with this profitability ratio showing that the gross operating surplus was equivalent to 52.0 % of turnover in 2004.

An analysis of expenditure for the EU-25 underlines the capital intensive nature of this sector, as tangible investment accounted for 24.3 % of total expenditure (gross operating and tangible investment expenditure) in 2004, more than double the average share for transport services as a whole (10.6 %).

20.6: AUXILIARY TRANSPORT ACTIVITIES

This subchapter includes information on auxiliary and supporting transport activities as covered by NACE Groups 63.1, 63.2 and 63.4, hereafter referred to as auxiliary transport activities. Note that travel agencies are covered in Subchapter 20.7.

The services covered by this subchapter are very diverse: they include a number of support services for all modes of transport, such as baggage and cargo handling, storage/warehousing, and freight forwarding/brokerage. Note that these services may be provided by enterprises with their principal activity in auxiliary transport activities or by enterprises classified to other activities, often transporters or wholesalers (in which case they will not be included in the statistics described below). Auxiliary and supporting transport activities include the operation of terminals (rail and bus stations, ports and airports) and infrastructure (notably for inland waterways, railways, roads, tunnels and bridges), as well as the provision of navigational services (notably for air and water transport), towing, berthing and parking services (including car parks).

In December 2006 the European Commission adopted a communication ⁽²⁴⁾ on airport capacity, efficiency and safety in Europe to address a number of issues related with congestion and the environmental impact linked to the growth in air transport. At the same time the European Commission adopted a proposal ⁽²⁵⁾ for a European Parliament and Council directive on airport charges, which addresses a number of issues concerning for example non-discrimination and consultation with users when establishing charges, exchange of information between airports and users, and criteria for the differentiation of charges.

Based on the results of inspections carried out concerning the application of a 2002 regulation on civil aviation security, the European Commission adopted in September 2005 proposals ⁽²⁶⁾ to refine this legislation, allowing quicker technical updates, to simplify and clarify existing rules, and to extend it to cover freight and in-flight security: at the time of writing this proposal is still being discussed.

⁽²⁴⁾ COM(2006) 819.

⁽²⁵⁾ COM(2006) 820.

⁽²⁶⁾ COM(2005) 429.

STRUCTURAL PROFILE

Auxiliary transport activities (NACE Groups 63.1, 63.2 and 63.4) constitute a significant part of the transport services sector, with 103 000 enterprises which collectively generated EUR 120.3 billion of value added in the EU-27 in 2004, which equated to 33.4 % of the wealth created in the transport services sector (NACE Divisions 60 to 63). Auxiliary transport activities were less important in their contribution to transport services' employment, as their 2.0 million strong workforce in the EU-27 represented around 23.1 % of the transport services total in 2004.

The four largest Member States collectively accounted for 70.2 % of the EU-27's value added in this sector in 2004, compared with a 63.4 % share for the same Member States in all transport services. This was almost entirely due to the domination of the sector by Germany which generated more than one quarter (25.7 %) of EU-27 value added in auxiliary transport activities, compared with its transport services average of 18.5 %. In relative terms, Malta (2002), Estonia and Latvia were the most specialised in this sector, as auxiliary transport activities contributed more than 5 % of the non-financial business economy's value added in these Member States ⁽²⁷⁾. At the other end of the range, auxiliary transport activities contributed only around 1 % to non-financial business economy value added in Slovakia, Luxembourg (2003), Poland and the Czech Republic.

⁽²⁷⁾ Luxembourg, 2003; Ireland, Greece, Cyprus and Malta, not available.

Table 20.19

Cargo handling and storage; other supporting transport activities; activities of other transport agencies (NACE Groups 63.1, 63.2 and 63.4)
Structural profile: ranking of top five Member States, 2004

Rank	Share of EU-27 value added (%) (1)	Share of EU-27 employment (%) (1)	Value added specialisation ratio (EU-27=100) (2)	Employment specialisation ratio (EU-27=100) (2)
1	Germany (25.7)	Germany (22.1)	Estonia (246.1)	Latvia (183.5)
2	United Kingdom (19.2)	Italy (14.8)	Latvia (221.1)	Estonia (150.3)
3	France (13.9)	United Kingdom (14.3)	Bulgaria (142.5)	Germany (133.7)
4	Italy (11.4)	France (13.0)	Lithuania (124.2)	Italy (126.1)
5	Spain (8.0)	Spain (8.0)	Germany (122.8)	Bulgaria (123.9)

(1) Greece and Malta, not available; Luxembourg, 2003.

(2) Ireland, Greece, Cyprus and Malta, not available; Luxembourg, 2003.

Source: Eurostat (SBS)

Table 20.20
Density of land transport networks, 2003
(m/km²) (1)

	Motorways	Railway lines
EU-27	14	49
BE	57	116
BG	3	40
CZ	7	124
DK	24	54
DE	34	101
EE	2	23
IE	3	28
EL	:	18
ES	21	29
FR	19	54
IT	22	55
CY	29	-
LV	-	36
LT	7	28
LU	57	107
HU	6	89
MT	-	-
NL	75	83
AT	20	68
PL	1	65
PT	22	31
RO	0	49
SI	24	61
SK	7	76
FI	2	19
SE	4	24
UK	15	71

(1) Based on land area, except for EU-27, Germany and Portugal, for which total area is used.

Source: Eurostat (Transport)

FOCUS ON TRANSPORT NETWORKS

While the transport services described in Subchapters 20.1 to 20.5 use transport infrastructure, infrastructure management enterprises are considered as supporting transport activities (within NACE Group 63.2). Tables 20.20 and 20.21 provide information on three of the transport networks, namely rail, road and inland waterways.

Rail transport services relied on an EU-27 network encompassing 213 500 km of lines in 2003. In density terms, in other words the length of railway line in relation to area, this was the equivalent of 49 m of track per square kilometre. The Czech Republic, Belgium, Luxembourg and Germany had the most dense rail networks, all in excess of 100 m per square kilometre. Cyprus and Malta had no rail network, and the least dense networks were unsurprisingly found in Finland, Estonia and Sweden (the three Member States with the lowest population densities), as well as in Greece.

Table 20.21
Inland waterways network, 2004 (1)

	Length in use (km)
BE	1 516
CZ	664
DE	7 565
EE	320
FR	5 372
IT	1 477
LT	290
HU	1 439
NL	6 595
AT	351
PL	3 638
SK	172
FI	8 018
UK	1 065

(1) Czech Republic, 2003; Italy, 2002.

Source: Eurostat (Inland waterways transport)

Table 20.22
Top 10 sea ports ranked by freight traffic, EU-27 (million tonnes)

		2000	2001	2002	2003	2004	2005
Rotterdam	NL	302.5	296.6	302.7	307.4	330.9	345.8
Antwerp	BE	116.0	114.8	113.9	126.1	135.5	145.8
Hamburg	DE	77.0	82.9	86.7	93.6	99.5	108.3
Marseille	FR	91.3	89.5	89.2	92.4	90.8	93.3
Le Havre	FR	63.9	65.4	63.8	67.4	71.9	70.8
Grimsby & Immingham	UK	52.5	54.8	55.7	55.9	57.6	60.7
Tees & Hartlepool	UK	51.5	50.8	50.4	53.8	53.8	55.8
Algeciras	ES	:	41.1	42.2	48.3	52.6	55.2
London	UK	47.9	50.7	51.2	51.0	53.3	53.8
Dunkerque	FR	44.3	41.9	44.3	45.8	46.4	48.5

Source: Eurostat (Maritime transport)

Road transport services could count on approximately 58 500 km of motorways in the EU-27 in 2003. While Germany (12 000 km), France (10 400 km), Spain (10 300 km) and Italy (6 500 km) had by far the most extensive motorway networks, accounting together for two thirds (67.0 %) of the EU-27 total in 2003, the Benelux countries had the highest densities of motorways in 2003. Note that there was no motorway network in Latvia or Malta. A low density of motorway networks was also recorded in the three least densely populated Member States, as well as in Romania, Poland, Ireland and Bulgaria.

Inland waterways used for transport constituted a network in excess of 38 000 km in the EU-27 in 2004: note that when such waterways constitute a border between two countries they are counted by both countries. Among the Member States, Finland (8 000 km), Germany (7 600 km) and the Netherlands (6 600 km) had the longest inland waterways on their territory.

FOCUS ON PORTS AND AIRPORTS

Eight of the ten largest EU-27 sea ports were in the North Sea (see Table 20.22). Rotterdam (the Netherlands) was the largest of all, with 345.8 million tonnes of freight loaded and unloaded in 2005, almost two and a half times the volume of the next largest port, Antwerp (Belgium) with 145.8 million tonnes.

The largest airport in the EU-27 in 2005 in passenger terms was London Heathrow (the United Kingdom) with 67.7 million passengers - see Table 20.23. As regards freight traffic, the largest EU-27 airport was Frankfurt (Germany) with 2.0 million tonnes of loaded and unloaded freight and mail in 2005 - see Table 20.24.

Table 20.23

Top 10 airports by number of passengers, EU-27, 2005 (million passengers)

		2005
London Heathrow	UK	67.7
Paris Ch. de Gaulle	FR	53.4
Frankfurt Rhein-Main	DE	51.8
Amsterdam Schiphol	NL	44.1
Madrid Barajas	ES	41.6
London Gatwick	UK	32.7
München F.J. Strauss	DE	28.5
Roma Fiumicino	IT	28.0
Barcelona Transoceanico	ES	27.0
Paris Orly	FR	24.9

Source: Eurostat (Air transport)

Table 20.24

Top 10 airports by goods loaded and unloaded, EU-27, 2005 (thousand tonnes) (1)

		2005
Frankfurt Rhein-Main	DE	1 950.6
Amsterdam Schiphol	NL	1 495.9
London Heathrow	UK	1 389.3
Paris Ch. de Gaulle	FR	1 217.9
Bruxelles National	BE	702.7
Köln/Bonn	DE	646.8
Luxembourg Findel	LU	624.8
Milano Malpensa	IT	384.0
Madrid Barajas	ES	365.3
Liège	BE	329.7

(1) Total freight and mail loaded and unloaded; Swedish airports, not available.

Source: Eurostat (Air transport)

COSTS, PRODUCTIVITY AND PROFITABILITY

The auxiliary transport activities sector reported high tangible investment expenditure compared with operating expenditure: gross tangible investment in the EU-27's auxiliary transport activities sector was equivalent to 14.3 % of total expenditure, 3.7 percentage points above the transport services average and nearly three times as high as the non-financial business economy average. This tangible investment share rose to between 35 % and 36 % in Hungary, Portugal and Slovakia.

In 2004 paid employees accounted for 95.5 % of all persons employed in this sector in the EU-27, while this share was above 90 % in all Member States ⁽²⁸⁾ except Poland (84.3 %) and the Czech Republic (87.7 %). Average personnel costs in the auxiliary transport activities sector were EUR 34 100 per employee in the EU-27 in 2004, somewhat higher than the EUR 30 000 average for transport services. Nevertheless, above average apparent labour productivity (EUR 60 400 per person employed) more than compensated for the high average personnel costs, and this was reflected in the ratio of wage adjusted labour productivity, which was 177.2 % in the EU-27, some 37.2 percentage points above the average for transport services. Equally the gross operating rate for auxiliary transport activities was high, as the gross operating surplus represented 17.3 % of turnover in the EU-27 in 2004, some 4.0 percentage points above the transport services average.

⁽²⁸⁾ Luxembourg, 2003; Greece and Malta, not available.

20.7: TRAVEL AGENCIES

Travel agencies are enterprises that are engaged in arranging transport, accommodation and catering on behalf of travellers (NACE Group 63.3).

Travel agents act as retailers selling travel services or packaged trips to the customer. Traditionally, tour operators acted as wholesalers to travel agents, while more recently they have moved towards selling directly to customers. Tourist guides and tourist information services play a supporting role, offering information and services usually at the tourism destination. Unlike most of the other services presented in this chapter, the services of travel agents are not covered by sector specific legislation, only by the directive of the European Parliament and the Council on services in the internal market - see Chapter 22 for more information.

In the first half of 2007, there were two major mergers involving top ten European travel operators/agents: Thomas Cook and MyTravel merged, as did TUI and First Choice.

STRUCTURAL PROFILE

There were approximately 70 000 travel agencies (NACE Group 63.3) in the EU-27 in 2004 which generated EUR 21.0 billion of value added and employed half a million persons, accounting for 5.8 % of the transport services (NACE Divisions 60 to 63) total for both measures. The United Kingdom and Germany were by far the largest contributors to the wealth and employment generated by travel agencies in the EU-27 as together they accounted for 57.9 % of the value added and 39.2 % of the workforce - see Table 20.25. In value added terms these two Member States were also relatively specialised in the travel agencies sector, each generating 0.6 % of their non-financial business economy value added in this sector, more than any other Member State ⁽²⁹⁾.

⁽²⁹⁾ Luxembourg, 2003; Malta, Ireland, Greece, Cyprus and Malta, not available.

COSTS, PRODUCTIVITY AND PROFITABILITY

The travel agencies sector may be contrasted with the other transport services covered in this chapter in that its tangible investment expenditure was particularly low as a share of total expenditure (gross operating and tangible investment expenditure), just 1.0 % in the EU-27 in 2004. This low share results from the combination of a relatively low level of tangible investment and a high level of purchases of goods and services as many enterprises in this activity are distributors and as such their purchases include a large proportion of services purchased for resale. Nearly nine tenths (88.0 %) of the persons employed in the EU-27's travel agencies sector were paid employees in 2004, the same as the transport services average. This share of paid employees was particularly low in the Czech Republic, Bulgaria, Italy and Poland where it was below 80 %. Apparent labour productivity in the travel agencies sector in the EU-27 was EUR 43 000 per person employed, while average personnel costs were EUR 25 900, the former just above the transport services average and the latter below it. The combination of these two indicators results in a wage adjusted labour productivity ratio of 166.0 %, some 26.0 percentage points above the transport services average. Despite relatively low average personnel costs, the gross operating surplus (value added minus personnel costs) of the travel agencies sector was equivalent to just 7.0 % of turnover, only a little more than half the average rate for transport services, reflecting the high turnover in this sector (mirroring the distributive trades sector). Nevertheless, several Member States reported a high gross operating rate, for example 25.8 % in Cyprus, 24.4 % in Germany, and 16.5 % in Slovakia.

Table 20.25

Activities of travel agencies and tour operators; tourist assistance activities n.e.c. (NACE Group 63.3)

Structural profile: ranking of top five Member States, 2004

Rank	Share of EU-27 value added (%) (1)	Share of EU-27 employment (%) (1)	Value added specialisation ratio (EU-27=100) (2)	Employment specialisation ratio (EU-27=100) (2)
1	United Kingdom (29.0)	United Kingdom (27.0)	United Kingdom (153.4)	United Kingdom (187.2)
2	Germany (28.9)	Germany (12.3)	Germany (137.9)	Austria (129.4)
3	France (8.3)	Spain (10.2)	Estonia (88.5)	Netherlands (123.0)
4	Italy (7.4)	Italy (8.7)	Slovakia (81.9)	Sweden (116.8)
5	Spain (7.3)	France (8.2)	Spain (81.6)	Estonia (110.5)

(1) Ireland, Greece and Malta, not available; Luxembourg, 2003.

(2) Ireland, Greece, Cyprus and Malta, not available; Luxembourg, 2003.

Source: Eurostat (SBS)

