1st International Customs and Trade Congress

20 May 2021

Umberto de Pretto, IRU Secretary General
WE ARE THE VOICE OF MORE THAN 3.5 MILLION COMPANIES WORLDWIDE

The world’s road transport organization

IRU is the global voice of companies, including operators, shippers and service providers, who are involved in commercial road transport, mobility and logistics services.

IRU works on issues at the heart of industry, from road safety, transit and border crossing facilitation to environmental standards.
Macro-economic indicators

Real GDP change – by region – 2019-2021
Annual (year-on-year change, %)

<table>
<thead>
<tr>
<th>Region</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>2.6%</td>
<td>-3.6%</td>
<td>-5.6%</td>
</tr>
<tr>
<td>ME and North Africa</td>
<td>4.2%</td>
<td>-4.0%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>APAC</td>
<td>6.1%</td>
<td>-1.2%</td>
<td>3.74%</td>
</tr>
<tr>
<td>Europe</td>
<td>4.1%</td>
<td>1.2%</td>
<td>4.0%</td>
</tr>
<tr>
<td>South America</td>
<td>3.7%</td>
<td>-6.4%</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Eurasia</td>
<td>2.0%</td>
<td>-3.9%</td>
<td>2.0%</td>
</tr>
<tr>
<td>North America</td>
<td>2.0%</td>
<td>-2.3%</td>
<td>-6.7%</td>
</tr>
<tr>
<td>Rest of Africa</td>
<td>2.9%</td>
<td>-3.1%</td>
<td>-2.3%</td>
</tr>
</tbody>
</table>

Real GDP change – by country – 2020-2021
Annual (year-on-year change, %)

<table>
<thead>
<tr>
<th>Country</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>-5.7%</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Germany</td>
<td>-5.5%</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Turkey</td>
<td>-5.5%</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>-5.5%</td>
<td>-4.6%</td>
</tr>
<tr>
<td>India</td>
<td>-9.5%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Russia</td>
<td>-4.6%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>China</td>
<td>-7.8%</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

• As IRU forecasted last year, there was global economic recession in 2020 with a decline of 3.6%.
• All regions were hit very hard (with the exception of APAC).
• In 2021 a recovery is forecast with considerable differences across regions.
• APAC is leading the recovery with more than 6% growth forecast for 2021, whereas the recovery in Europe and Eurasia is slower and should remain at below pre-crisis levels at the end of 2021.
• The recovery in APAC is i.a. driven by government support to the national transport sector, whereas in Europe we have seen many restrictive measures and disruption.
• The potential recovery in 2021 should not be taken for granted. The growth projection is conditional to successful COVID-19 counter activities including vaccination, fiscal and non-fiscal support.

Sources: IHS Markit, IRU analysis; 2019 and 2020 are real figures, 2021 figures are forecasts
Impact of Covid-19 on road freight transport – why is there no support?

- The road freight industry suffered immensely. In 2021 the road freight transport industry annual turnover will remain below pre-crisis levels and the industry has to cope with a revenue loss of at least -13% equal to 286 Bn€ for 2021.

- Putting this into perspective, road freight transport represents 50% of the revenue share of all modes. Despite our critical role transporting all necessary goods, the road transport industry was hit the hardest compared to other transport modes.

- Governments have provided massive bailout packages to the airline industry, giving very limited financial support to transport operators. Interestingly, airline revenues for air freight are up 25% and road freight revenues are down 13%.
Looming wave is turning into a real wave of bankruptcies

- Financial risk remains high in 2021. Liquidity shortage remains the key challenge for transport operators.
- Very few governments have deployed dedicated financial support measures for transport operators.
- 83% of survey replies highlight that financial support is inadequate. Transport operators are often not eligible for financial support nor do financial support packages even exist for them.
- As a result, from 5%-10% of transport companies have gone globally out of business. In the US, the insolvency rate has already tripled. As a result, 6 mio global commercial goods vehicle fleet trucks are unused.

=> IRU predicted a looming wave of bankruptcies. This looming wave is turning to a real wave of bankruptcies.
447B€ needed to restart road passenger transport

- International bus and coach transport has been hit hardest. In many cases, coming to a complete standstill.

- Revenue loss 51% (equivalent to -447 B€). This amount of money would be needed to re-start the road passenger industry.

- COVID-19 crisis had a structural impact on mobility. Road passenger transport demand declined due to a combination of government lockdowns, fears of contracting and spreading the virus when using mass transport modes, and uncoordinated border restrictions.

- Planes to holiday destinations are full – environmentally friendly coaches which served those destination in the past are empty.

Sources: IHS Markit, IRU analysis
COVID-19
Country responses

Lack of global and regional coordination!
ROLE OF UN CONVENTIONS IN FIGHTING COVID-19

First AND last response in a global emergency

“Innovative tools such as UN eTIR/eCMR systems and other tools that allow to exchange electronic information without physical contact and facilitate the flow of goods across borders should be used”

ANTÓNIO GUTERRES
UN Secretary General
With TIR/eTIR

Seamless, contactless border crossing operations
Electronic exchange of data
Protects drivers
No disruption of supply chains
Border crossing facilitated
No cargo handling en route

Countries implement TIR digital projects aiming towards final transition towards eTIR
Wake-up call

Nearly 6% of all those employed worldwide work in road transport – largely in small and medium sized firms that due to their size and operation, cannot easily cope with external shocks such as the economic impacts of Covid-19.

What to do?
• Deploy targeted financial support measures
• Make use of the digital tools that already exist
• Coordination needed at global and cross-border level

What is at risk?
• Considerable number of insolvency of road transport companies is inevitable if nothing is done
• The global recession will be more devastating and longer than currently predicted
• People and essential goods will not be transported to where and when they are needed
• Economic development and recovery will be slower than possible as it cannot be driven by road transport companies
A final wake-up call!

- Very few countries have listened to the concerns of the industry (< 10%) and less than 6% have taken any action. The rest of the surveyed countries have completely ignored the concerns of the road transport industry.

- Most governments have not deployed dedicated financial support measures for transport operators.

- The impact on the industry is severe. There are first signs that the “looming wave of bankruptcies” is turning into a “real wave of bankruptcies”.

- On IRU's request for improved regional coordination, governments started listening to the road transport industry. 65% of replies state that countries do coordinate in general (except for some ad hoc border closures which appear from time to time and which are completely unacceptable).

- Government limited action is putting road transport companies at risk. They will not be in a position to drive the global economic recovery.

Do governments accept that the pandemic drives road transport companies out of business?
EMERGENCY CALL
COVID-19 VACCINATIONS

Keep transport flows in line and avoid supply chain disruptions

Source: Tiroler Tageszeitung
THANK YOU FOR LISTENING