COVID-19 – Analysis of the impacts on road transport

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IRU is the global voice of companies providing commercial road transport, mobility and logistics services.

WE ARE THE VOICE OF MORE THAN 3.5 MILLION COMPANIES WORLDWIDE

160+ members
80+ countries
60% logistics
40% mobility
IRU Call for Action

Deploy targeted financial support measures.

Make use of the digital tools that already exist.

Coordination needed at global and cross-border level.
### Macro-economic indicators

#### Real GDP change – by region – 2019-2021

<table>
<thead>
<tr>
<th>Region</th>
<th>2019-2020 Annual (year-on-year change, %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>2.6%</td>
</tr>
<tr>
<td>ME and North Africa</td>
<td>-3.6%</td>
</tr>
<tr>
<td>APAC</td>
<td>4.2%</td>
</tr>
<tr>
<td>Europe</td>
<td>6.1%</td>
</tr>
<tr>
<td>South America</td>
<td>1.0%</td>
</tr>
<tr>
<td>Eurasia</td>
<td>4.3%</td>
</tr>
<tr>
<td>North America</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Rest of Africa</td>
<td>-6.7%</td>
</tr>
</tbody>
</table>

Sources: IHS Markit, IRU analysis; 2019 and 2020 are real figures, 2021 figures are forecasts.
Macro-economic indicators – no predictability/no perspective

Road freight transport – since the beginning of the pandemic global supply chains have been disrupted. In February 2021, manufacturing delivery times were the second longest in history.

International passenger transport almost ceased to exist - consumer spending shifted from travel, hospitality and personal services to information and communications technology, home furnishings and recreational goods.

Transport purchasing managers do not see predictability and certainty when planning transport services, which is reflected in the negative PMI score.

Sources: IHS Markit, IRU analysis
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.

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.
- 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.

=> The 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 destinations in the past are empty.

Sources IHS Markit, IRU analysis
Looming wave is turning into a real wave of bankruptcies

- Liquidity remains the key challenge for passenger transport operators.
- More than 80% of passenger transport companies have asked for financial support and have not received it.
- In some countries 20-30% of companies operating international services went out of business.
- In most countries, commercial passenger transport is largely organised by micro-enterprises. These micro-enterprises are very vulnerable.
- During the crisis, 30% of passenger transport companies have laid off staff.
- Lack of professional drivers will slow down economic recovery and might result in an increase of the informal sector in the near future, with a negative effect on road safety and professionalism.

⇒ The looming wave is turning to a real wave of bankruptcies.

A final wake-up call
Commercial road transport needs to be designated as an essential service, and professional drivers as essential workers.

IRU is calling on the WHO and national governments to urgently introduce a global mutually recognised digital vaccination certificate for commercial vehicle drivers.
WHO SUPPORT FOR IRU COVID CALL

“I am pleased to inform you that transportation workers were identified as essential workers outside the health sector.”

DR TEDROS ADHANOM GHEBREYESUS
Director-General, WHO
Thank you