

# Pressure from all sides on transport

*In this year of presidential and legislative elections, how is the French merchandise road transport sector faring? Benoît Barbedette, editor of our partner magazine *l'Officiel des Transporteurs*, points out a few of the major trends for us.*



*In France as elsewhere, the fragile balance between supply and demand is influenced by delivery times.*

Order a truck this year and get it next year! The industrial vehicles market, whether for tractor units or semi-trailers, is going through an unusual phase in terms of delivery times. Are we heading for a real lack of new vehicles? This apparently ridiculous question has to be taken seriously. This year, the manufacturers are expecting very high registrations, around 56,000 units, which can't be explained by the arrival of the Euro-4 norm or the digital tachograph, which was the case in 2006.

To add to this, the used truck sector hardly offers any alternative solutions.

This trade has been going through a fruitful period for some months now, where sellers are concerned. Prices for tractor units and bulk carriers are at a high, partially due to the countries of Eastern Europe, and in particular to Russia, which is now 'aspiring' to Euro-3 vehicles.

This situation is not without consequence for road transport in France. Firstly for companies. And particularly those which did good deals when they sold their vehicles but which are now waiting for new models to complete their fleets. But also in terms of the general supply of means of trans-

port. Normally known for its overcapacity, market supply is currently much less abundant. Shippers and charter companies alike keep on saying it: now is the time to make preparations in order to avoid the complications of last year, when there was a real lack of available vehicles.

### ***Bringing security to the sub-contractor sector***

So what does this mean in terms of the evolution in the supply of means of transport? Within transport SME's, the desire is rather more to maintain

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*Certain major players, such as Stef-TFE, have made advanced transport capacity reservations with their subcontractors.*



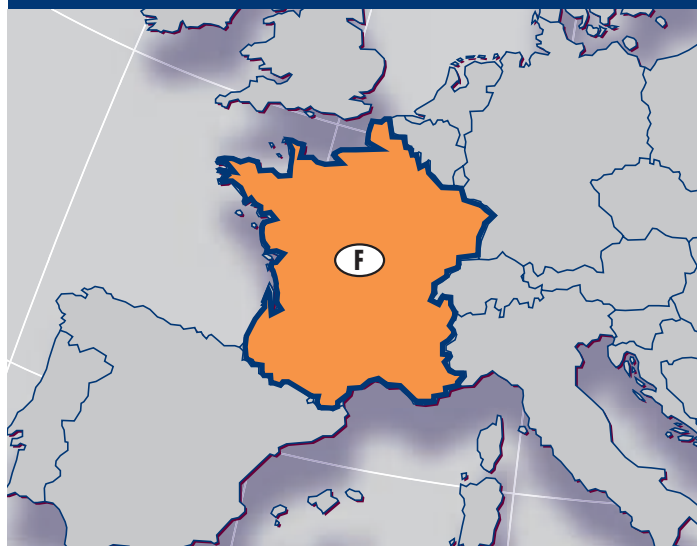
*The lack of drivers is being felt in certain regions of France.*

a constant size and be fully loaded than to extend the fleet. And for many of them, the priority is to seize the current opportunity to sell their Euro-3 tractor units at a good price. And then there comes, above all, the need to maintain transport prices, with a number of small companies and independents having disappeared from the scene over the past couple of years. Within this context, it is interesting to observe the attitude of the largest operators. Norbert Dentressangle boasts of the size of its own fleet and wants to limit the use of charters to 30% of its mer-

chandise flows. In the case of Stef-TFE, the directors have announced a very slight increase in the fleet, by some 40 units in 2006 and around 60 in 2007. They have further underlined the fact that they have secured the sub-contractor route (in the segment of groupage-distribution) by immediately signing more contracts with transporters and, on top of this, by making advance reservations of rolling stock for the July-August period. A good way of avoiding over-heating and, above all, of showing that a lack of vehicles remains a possibility.

## FACTS, FIGURES, DATES

**Number of companies :** 39,615 (2003)  
**Total employment :** 423,410 (2003)  
**Overall fleet :** 440,600 vehicles, of which 196,900 tractor units and 243,700 bulk carriers  
**Registrations 2006 :** 53,123 motor vehicles of over 6 tonnes (55,200 units in 2005) and 23,000 semi-trailers (5% up on 2005)



## SALARIES

A protocol dating back to 2002 sets a guaranteed hourly rate (THCG). This minimum salary depends on the weight of the vehicle and the level of qualification. There are three classes: 128 M (under 19 tonnes), 138 M (over 19 tonnes) and 150 M (highly qualified driver).

**Hourly rate upon engagement:** from 8.49 to 8.80 Euros according to class.  
**Supplement for service:** 2% after 2 years, 4% after 4 years, 6% after 10 years and 8% after 15 years. Alongside this, each driver must have received, at the end of the year, a Guaranteed Annual Remuneration (GAR) of between 22,613 and 23,439 Euros, according to class, upon engagement.

### Remote toll payment

There is currently a great deal of talk about the switch from the 'old Caplis' system to the 'new' system by April 1st 2008. Four bodies have been authorised to issue remote payment badges by the ASFA: Axxès, Eurotoll, Total/AS24 and DKV. These companies give discounts of all sorts on management fees, subscription costs, badge rental... a whole array to be unravelled with a calculator! To complicate the thinking still further, the motorway companies (some of them shareholders within the badge issuing bodies) are putting forward their own commercial offers (in particular termination indemnities and compensation formulas).

Through these types of approach, all of the players involved are encouraging the transport companies to opt for remote toll payment as quickly as possible and abandon the 'Caplis' system. And they put a strong argument forward: one single monthly invoice, time saved at the toll booths, a discount system which doesn't penalise small fleets because the discount (with a top rate of 13%) is calculated vehicle by vehicle and badge by badge. So what's the problem? There is one issue which still gives room for reflection, despite the date limit of April 1st 2008. With the intense period of good business gone by, it is not clear what the real evolution either in remote payment costs will be, or in the toll charge itself (4 to 5% of the cost price of a merchandise road transport company), costs which should, according to the directive, enable the recovery of 'infrastructure costs' (operational, construction, maintenance and development). As the desire of the public authorities is to encourage HGV's to use the 8,200 km of motorway, common sense requires a close look.



*The move to remote toll payment has seen new players emerge along with a whole host of promotional offers.*

## Lack of drivers

The lack of drivers and delivery drivers, in certain regions and cities, cannot be ignored. In official studies carried out by the Employment Ministry and training institutions, as well as in statements from company heads, the observation comes time and time again, like a tune you can't get out of your head: it's difficult to find drivers! Especially as the intentions to take

But initiatives have nevertheless been taken to correct matters. And some of them are quite substantial. There is for instance the AFT-Iftim with its national campaign to promote the professions of transport and logistics, which ended on May 23rd, and of the Meeting Point for Employment organised by the ANPE, during 'open doors' days which are becoming more common in schools. The solution lies in this type of proactive approach.

*"Companies did good deals when they sold their vehicles. They are now waiting for new models to complete their fleets."*

on drivers between 2006 and 2007, according to the 'Unidéc', increased by 30%, with job offers outstripping job-seekers, putting the professional drivers sector amongst those most under pressure.

This bitter observation is not new. In 2000 and 2001, when economic growth was at its height, companies were faced with the same headache. The reasons behind this problem do not easily go away: making the image of the profession more attractive, lack of career prospects, unattractive salaries for short distance drivers, long schedules for long distance drivers.

All things considered, this job is not without its attractions. First of all there is the potential for employment, fed by the growth in international exchanges and trade. A recent study by the Employment Ministry ranked this profession 'as a driving force' amongst the fifteen groups of professions in which the number of positions to be filled will be higher in 2015 than now (moving up from 650,000 to 750,000). And then there is the development of on-board computer systems and the use of new technologies, which modernise the driving function. In this attempt to win over hearts and minds, companies

and their professional organisations are the principal target. And the politicians would be wise to take note of this: rather than trying to penalise the truck, let's help the sector to face up to its needs. This is a path for the government which emerges from the June legislative elections to follow.

## Environmental pressure

French transporters, in common with their European counterparts, are faced with yet another pressure. For in the current context, the reduction of CO<sub>2</sub> emissions and the fight against climate change are the driving forces behind new initiatives and public declarations. In 2004, transporters accounted for 34% of CO<sub>2</sub> emissions connected to fuel consumption, and 8% of this came from HGV's. Because of this figure, road transport companies are being encouraged, or even pressurised, into adopting economic operational and management techniques.

Let's look at the 'virtuous circle': the transport company takes up the challenge of diminishing CO<sub>2</sub> emissions. It signs and adheres to the Commitment Charter recently promoted by the Ministry of Transport and the ADEME. In concrete terms, it renews its fleet of trucks, bringing it up to the Euro-4 norms, which involves more expensive vehicles, and sets about reducing consumption, installs on-board equipment, reor-

ganises its trips and optimises loads. In the light of such willingness and know-how, the company's clients are grateful. Long term loyalty and tariffs which reflect the investment made (in terms of equipment) cement the relationship. The 'win-win' spirit is respected and the image of the two partners is enhanced.

But there is, by contrast, a 'vicious circle'. At the outset, the transporter shows the same desire in his commitments and his organisation. But in a transparent situation, he is faced with shippers who only look at the apparent cost reductions (less trips, less fuel, less vehicles on the road), and they negotiate accordingly.

This is an attitude which would turn its nose up at intelligent thinking and at the level of quality required in order to really make a commitment where the demands of the ecology are concerned. It would kill any notion of risk-taking at birth. For comparable efficiency, it is now time for the most virtuous companies to be able to count upon the honesty of shippers, industrial companies and distributors, themselves concerned for their reputation in terms of sustainable development.

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