

European Transport Barometer 2007

An excellent year

What a success! The first European survey on the situation of road transport fulfilled expectations, in particular thanks to the participation of the readers of Truck Europe and its partner magazines. And the conclusions of the first European Transport Barometer confirm the return to confidence within the sector following an excellent 2006.

Throughout the whole of December 2006 and January 2007 around fifteen magazines from the European road transport sector were associated with Truck Europe in putting a thorough questionnaire involving conditions in the sector to their readers. As this first experience came to an end, more than 1,300 replies had been collected and analysed by the teams from Analytiqa, the specialist bureau in qualitative market surveys in the transport and logistics domain.

Buoyant economic context

The strength of the European economy has had a positive effect on demand for transport, with, nevertheless, considerable variations from one country to another. This growth has been seen more in volumes being transported than in the average value of contracts, but is a direct result of the evolution of GDP in the country concerned (see table). In Sweden and Luxembourg, the impact of economic growth on transport growth is lower, which is easily explained in the case of Luxembourg, where growth is principally driven by financial services. In the other countries, the multipli-



“More transporters have been able to pass on increases in cost prices to selling prices, but not at a sufficient level to cover these cost increases.”

cation coefficient lies between 3 and 4.5, with two notable exceptions: the Netherlands and Poland. The commercial aggression of Dutch transporters has long been known, but was particularly evident in 2006. As for Polish transporters, they proved to be the most active of Central Europe, a fact which needs

to be fine tuned by a detailed analysis of the preferred destinations of transporters from each country. This analysis results from the replies to the following two questions: to which countries have you decreased and/or increased your transport activities in 2006? The reply profiles from the different countries vary enormously here, which we will illustrate using four selected examples. In the UK, a market which is traditionally less oriented towards international transport, the major part of growth has taken place within the internal market. The other markets which have received particular attention from British transporters are the traditional major markets of Western Europe, but with the notable exception of Poland, Central Europe has not been a priority target. In the Netherlands, the situation is somewhat different. The dynamism of the local market was impressive in 2006, but the development of

international activities was substantially greater than for British transporters. The principal targets were the large neighbouring markets – Germany, France, the UK and, to a lesser degree, Belgium, Spain and Italy. The activities of Dutch transporters regarding Central Europe were relatively stable during the year, but Dutch transporters were probably the most active in this region the previous year, and this stabilisation therefore comes on the back of an already high level of activity.

The comparison between the performances of Czech and Polish transporters also reveals some very interesting elements. In the Czech Republic, it was the local market which supported growth, whereas the growth of Polish transporters within their own market remained practically non-existent. At an international level, Czech transporters saw particular growth over long distance routes



Polish transporters are the most confident in Europe.



THE COMPLETE REPORT

The first edition of the European Transport Barometer is a joint initiative between Truck Europe and Analytiqa. The replies collected by Truck Europe and Analytiqa (telephone interviews with 70 of the largest European road transport fleets) have been compiled and analysed by Analytiqa, who produced the final report.

To get a copy of this report, please contact one of the following:

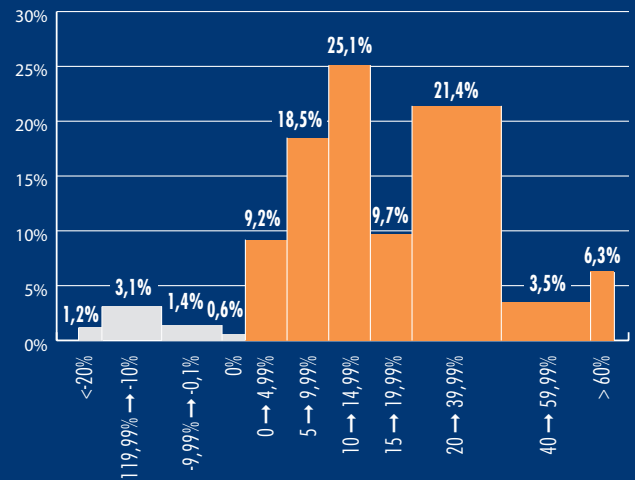
Truck Europe: Annick Nemetz (anemetz@mmm.be)

Analytiqa: Mark O'Bornick (mobornick@analytiqa.com)



TABLE 1: GROWTH IN 2006

Q: What level of growth have you seen in 2006?



SOCIAL COSTS NOT TO BE FORGOTTEN

It has not been possible to go into all the aspects of the European Transport Barometer here, due to lack of space. The crucial question of the evolution of driver salaries and of total monthly driver costs, cannot not be ignored, however. These data, along with the analysis which was made of them during the Truck Europe Forum, can be found in the preceding article.

(Scandinavia, the British Isles and the Iberian Peninsula), whereas the Poles concentrated their efforts on the large traditional markets of Germany and France. They were also the only ones to have increased activity in any significant manner towards the Baltic States, Russia, and the former countries of the USSR. Elsewhere, a relatively significant decrease in activities by Czech and Polish transporters (and also other nationalities including Belgium) to and from Austria, was observed.

And finally, where internal competition between Central European countries is concerned, no special upheaval was noted in 2006. Czech

transporters had a slight tendency to clip their wings towards Slovakia, Bulgaria and Rumania, with the Poles following suit where Hungary is concerned. It will be especially interesting, next year, to evaluate the entry of Bulgaria and Rumania into the European Union from this point of view.

Demand outstripping supply

The second major theme handled by the Barometer was the comparative evolution of cost prices and selling prices, with all the consequences this has for company profitability. In this respect, 2006 represented a year to remember.



TABLE 1 BIS : AVERAGE GROWTH PER COUNTRY

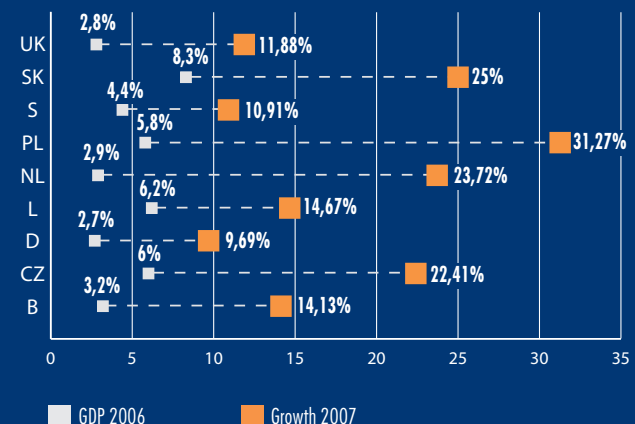




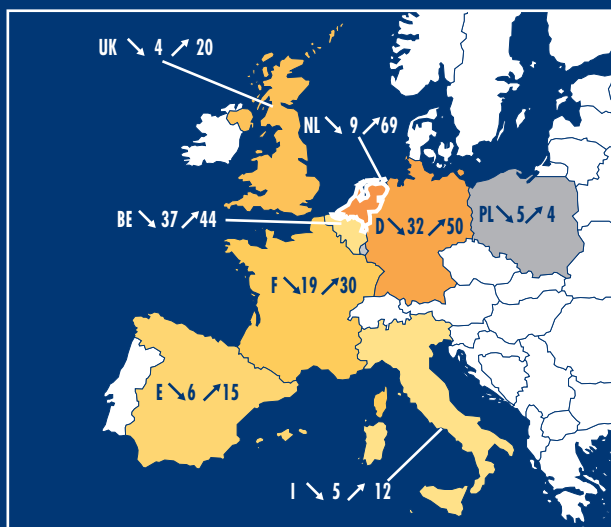
TABLE 2: INCREASE IN ACTIVITY PER COUNTRY

Q: To which countries have you decreased and/or increased your transport activities in 2006?

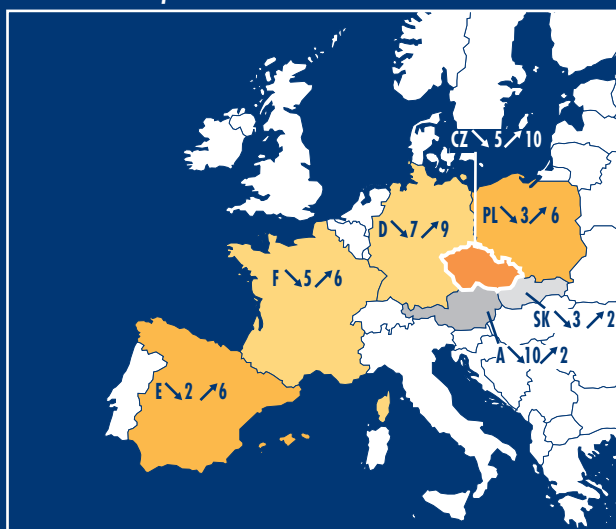
2.1: United Kingdom



2.2: The Netherlands



2.3: The Czech Republic



2.4: Poland

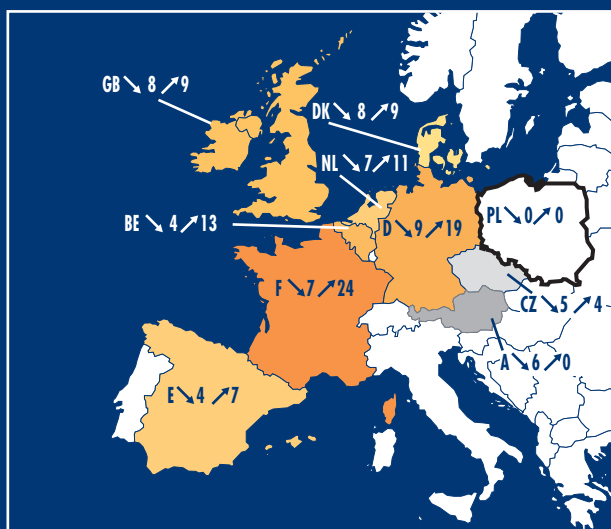


TABLE 3: COST PRICES AND SELLING PRICES

Percentage of companies indicating an increase in cost prices: **91.9%**
 Percentage of companies indicating an increase in selling prices: **93.1%**

Average increase in cost prices: **10.28%**
 Average increase in selling prices: **5.4%**

Cost prices, of course, continued to creep up during the year, particularly due to fuel costs, salary increases and the hike in the price of vehicles (Euro-4...). However, the weighting of the principal increase factors varies greatly between the countries of Central Europe and the others. In Poland, Slovakia and to a lesser extent the Czech Republic, the weighting of salary increases was proportionally greater compared to the increase in fuel prices than in the countries of Western

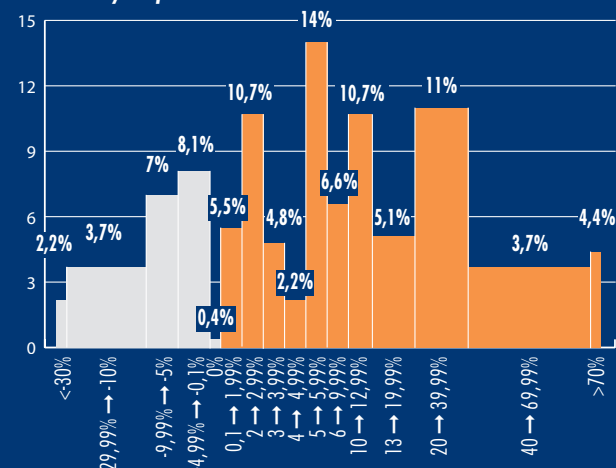
Europe. This already represents a reliable indication of the evolution of the cost of drivers between Central Europe and the rest of the Union. But the most interesting element to arise from this section is undoubtedly the evolution in cost prices and selling prices. The number of companies indicating an increase in their selling prices is slightly above the number indicating an increase in cost prices (see table 3). Last year, a comparable study car-

ried out in Belgium and Luxembourg showed that 27% of companies indicating an increase in cost prices had been unable to increase selling prices. To explain this evolution, simply pointing to the sustained economic conditions in 2006 is not enough. If the balance between supply and demand has swung in favour of the transporters, this is also because overall supply in transport capacities has shrunk in certain countries. Germany immediately comes to

mind, where the HGV toll (Maut) forced many companies out of business, but instances of reduction or cessation of activities were not rare in other European countries either, during 2005 and 2006. By contrast, the average increase in selling prices remained lower than the average increase in cost prices. Transporters, despite the favourable context, have therefore not been able to pass on all of their costs to their clients. We are talking of averages here, and it should not be forgotten that some fared better than others, but this observation once again underlines the necessity of taking measures to increase human productivity and of optimising internal organisational efficiency.

TABLE 4: EVOLUTION OF PROFITS

Q: How did your profits evolve in 2006?



Confidence on the increase

What emerges from these various different factors is the relatively generalised improvement in company profits in 2006 (see table 4), as well as an increase in the level of confidence. If the European Transport Barometer had to be summed up with a single reflection, it would be in the degree of satisfaction and

confidence. Satisfaction with regard to the year ended and confidence for the year underway are two major pillars of the Barometer which it is going to be interesting to follow from year to year.

Care has to be taken, of course, not to attribute any value to these figures other than a relative value, but it seems clear that if 2007 is expected to be better than 2006,

TABLE 5: CONFIDENCE INDEX

Q1: What is your level of satisfaction for 2006, on a scale of 1 to 10?
Q2: What is your level of confidence for 2007, on a scale of 1 to 10?

	Q1	GDP Growth 2006	Q2	GDP Growth 2007
Europe	6,52	2,9	6,76	2,4
PL	6,9	5,8	7,56	4,7
NL	7,07	2,9	6,88	2,9
D	7	2,7	6,65	1,2
CZ	5,69	6	6,58	5,1
S	6,56	8,3	6,52	7,2
B	6,54	3,2	6,47	2,3
SK	5,5	4,4	6,11	3,3
UK	6,07	2,8	6,04	2,6
I	5,89	6,2	6,01	4,5

this will principally be in Central Europe. The improvement in the satisfaction and confidence indices is particularly spectacular in Poland and the Czech Republic, but is shrinking in Western Europe. These latter countries seem therefore to be more inclined to model their degree of confidence on short term economic forecasts, which point to a slowdown in European growth in

2007. As for transporters from the countries of Central Europe, if their confidence is growing at a quicker rate than the outlook for their own economies, this can only mean that their commercial aggression beyond their own borders is not about to abate... Take heed...

Claude Yvens ■