

Summary

The transport of goods, national and international is in close relation to the economical growth. Where there is economic growth, there is a rising demand for transport of goods. Due to this rising demand for transport of goods, the transport performance (tonne-kilometres) in Western Europe, in particular the EU-15 member states, increased. Economic growth, as the growth of the GDP was just one of the drivers for the demand of freight transport. Also the introduction of Just-In-Time (JIT) production operations, led to an increase in freight transport, due to smaller and more frequent deliveries. The third driver, the liberalisation of the EU around the 1990s meant, no more border crossing freight quota, less paperwork, no time wasted at borders, increasing competition from other trucking companies, all led to an increased volume in international road transport in the EU. The fourth and last driver is the enlargement of the EU, since 2007 27 members. Increasing the volume of shipped goods and also average trip length, as distances become longer.

Since 1970, road freight transport became an increasingly dominant transport mode at the expense of rail and inland waterways. This was because more luxury goods were being transported. These goods needed to be transported quickly to the customer. Road transport is still the fastest mode of inland transport and can go to areas where ship and rail can't go. Furthermore, rail and water transport cannot deliver the flexibility and reliability asked for.

Next to bilateral freight transport between members of the EU, cabotage and cross-trade transport can be carried out. Since the liberalisation of the EU, restrictions on these types of transport have been lowered. Nevertheless, some member states feared the arrival of low-wage hauliers from the new member states, although cross-trade and cabotage account for a small part of the international road transport, and pressured the EU to increase restrictions again in 2008.

The road freight transport sector in the EU can be characterised as very heterogeneous in size and structure, also per country. The sector is defined by: Own account operators, small owner operators, and the transport companies, which differ in size from 5 to over 3000 trucks. These last companies developed over the years in size and in type. Size increase through mergers and acquisitions with competitors led to an increase in economies of scale and scope. Also the companies started to differentiate due to fierce competition, some into logistics services, others stayed in pure trucking. From 1975-2000 costs in the road transport sector have been decreased 30 to 50%, and with that transport prices fell. This was accomplished by higher average trip speeds, increase in maximum load capacity, technical innovations causing less break-downs and longer service intervals and an increase in load factor due to better planning. Since the 1990s costs have been increasing again, which only

partially can be charged on to customers, reducing profits and even creating losses. The main costs concerning road transport are, fuel and labour. Fuel costs have almost tripled since 1990 due to higher crude oil prices and increasing diesel taxes. Labour costs form the largest share of operating costs. Differences in appear in both fuel costs and labour costs per country, causing unfair competition within the EU. Another trend is the introduction of road pricing to pay for infrastructural costs and also to discourage the growth in transport kilometres done by trucks. In Austria and Germany schemes are in use where charges are differentiated by emission standards and the number of axles of the vehicle. A trend in increasing congestion can be seen, which also increases the costs of road transport. EU-regulations influences the development of road transport by continually increasing emission standards for trucks through Euro emission standards. Also working and driving times are regulated for drivers leading to driver shortages and increasing costs. To cut costs, in the last decades, vehicle utilisation has been increasing. Load factors grew and empty running decreased. The use of ICT in the sector creates better opportunities to plan trips, acquire back hauls, cooperate, or obtain information from drivers or vehicles. E-commerce is an application of ICT that influences the demand for transport, reducing sizes of consignments and increasing trip frequency. Future developments are separate freight roads, which have the effect of decreasing congestion. Another future development to decrease congestion is the LHV, which is a truck which has a 33% higher maximum capacity, so less trucks are needed hence, less environmentally damaging.

Conclusion

The international road transport market is a highly competitive and very fluctuating market that follows economic trends closely. The last three decades the growth of the sector was booming. But today and in the near future the growth will presumably flatten.

A growing concern is the rise in costs, fuel, labour and more recently the costs of congestion and road pricing will affect the transport companies. Profits are low, because the increase in costs have not been charged to the customer.

The low profits motivated transport companies to grow, so that cost could be cut and transport volumes could rise. Also a step into additional logistics services was made to increase profits. Small trucking companies still have low profits because they cannot afford to invest in ICT based logistics software, and can only do trucking operations.

Presumably, a large part of trucking activities will shift to the new low-wage member states. When that effect will be cancelled out by growing wages in those countries, new developments will come to make road transport profitable. In the end it comes to cutting costs, new network lines will emerge to gain that extra efficiency. Shuttle services between distribution centres, maybe via LHV's or even by other modes of transport, and small trucks for distribution of goods.

Also, growing E-commerce will need new delivery structures and large scale implementation of innovative applications as: city-box and pick-up points in order to contain increasing vehicle kilometres.