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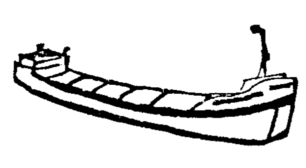

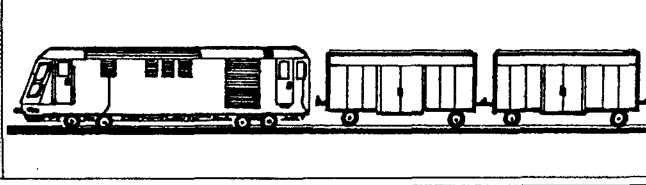

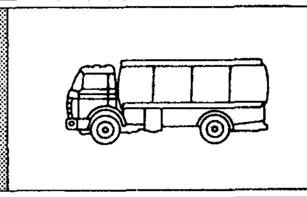

OBSERVATION OF THE TRANSPORT MARKETS

MARKET DEVELOPMENTS

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MARKET DEVELOPMENTS

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1

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PRESENTATION OF THE REPORT

This report constitutes one of the elements of the observation of the transport market system set up by the Commission of the European Communities following the declaration of the Council of 12 June 1978.

Other elements of the system are :

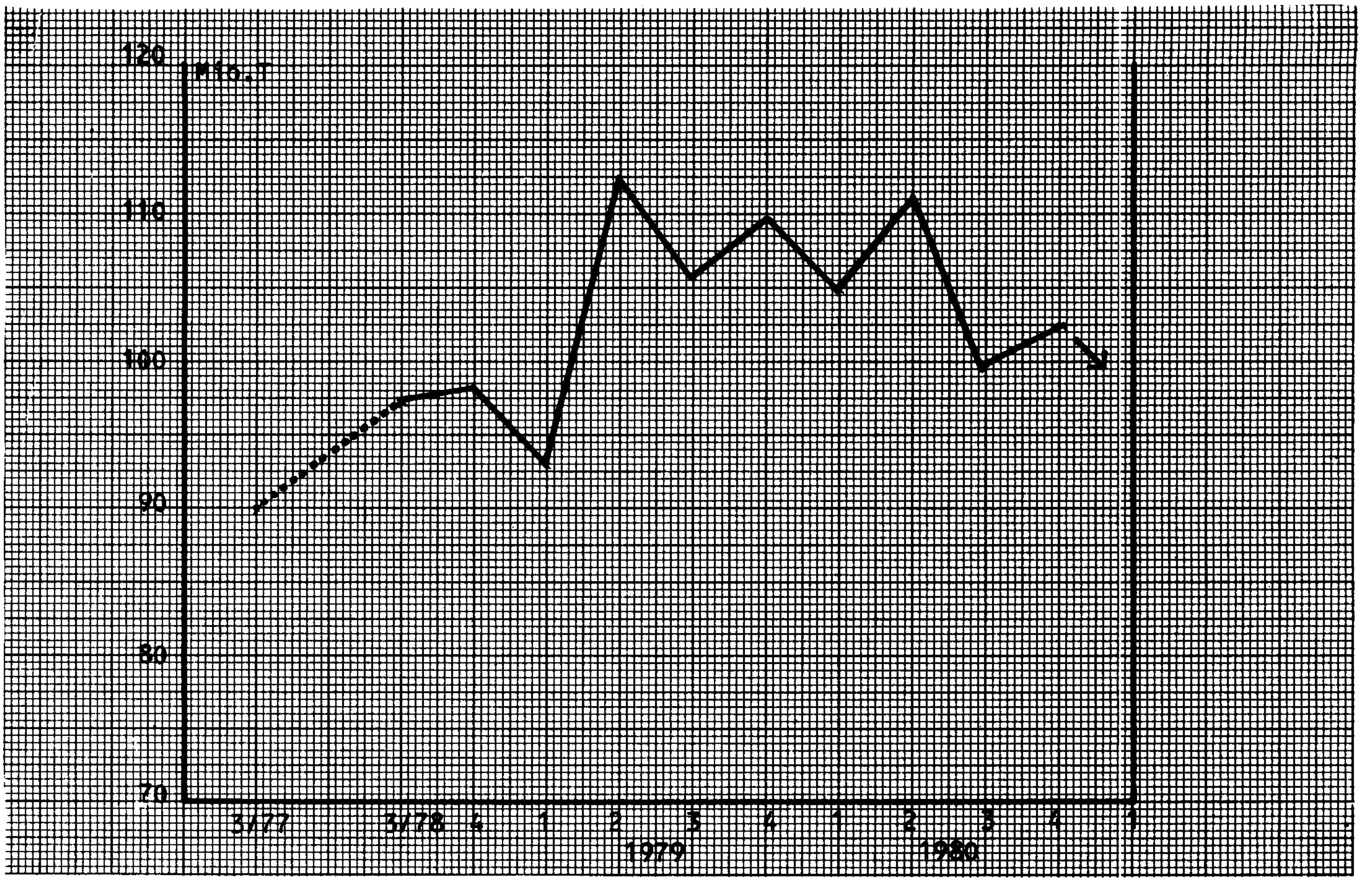
- results of quarterly surveys carried out among transporters;
- annual reports on the transport sector activity including short-term forecasts;
- reports on the evolution of price and cost indices;
- analyses of the medium-term developments in the transport market.

The observation system monitors international freight transport between the Member States of the Community by rail, road and inland waterways.

The contents of this report, which will be published quarterly, will cover developments in the international transport market in the nine months preceding the date of publication. The presentation will be broken down into an analysis of the developments during the quarter finishing six months before the publication date with a separate section for the most recent trends. The problems of international "land" transport (roll-on, roll-off) between the United Kingdom, Ireland and the rest of the Community are of a different nature and as such are treated in another section.

The report has been compiled using transport statistics from the Member States and the Central Rhine Commission, results from the surveys carried out among road hauliers, trade journals and various data sources made available to the Commission's services.

QUARTERLY TRENDS



Traffic between Member States ; 3 modes (Excluding United Kingdom and Ireland)

Key : +++: - estimate, → - expected

International Transport activity fall - The tonnage of goods transported between the Member States by road, rail and inland waterways decreased during the second half of 1980 by about 6%. The decline in growth was, of course, expected in view of the general economic situation. The prospects for the first half 1981 remain bleak although the forecast for the second half 1981 is for an upturn in traffic leading to a small total positive growth for 1981 compared with 1980.

The five sections of this report are:

1. General Market assessment; second half 1980.

2. Analyses of traffic by mode of transport; third quarter 1980.

3. Recent developments.

4. An analysis of traffic involving the United Kingdom and Ireland.

5. Graphical presentation of the results of the survey among road hauliers.

The NST Classifications are given on page 11.

Because of the very strong seasonality of the traffic, its evolution is followed by comparing the results of a quarter with the corresponding quarter of the previous year. In the text, unless otherwise stated, the comparisons are made on this basis. EUR-7 refers to Germany, France, Italy, the Netherlands, Denmark and the Belgian/Luxembourg Economic Unit.

SECTION 1. GENERAL MARKET ASSESSMENT: SECOND HALF 1980

The international transport of goods between Member States (EUR-7) by road, rail and inland waterways, except for the United Kingdom and Ireland (dealt with separately), decreased by 5.8% in Q3/80 compared with Q3/79. The percentage change for individual modes were 0, -12.8 and -7.2 for road, rail and inland waterways respectively. Estimates for the last quarter 1980 show a decrease in total traffic of 6.5% with the breakdown by mode being -2, -12 and -8% for road, rail and inland waterways respectively.

At Community level the following two factors have been disturbing the functioning of the transport market:

(i) the overriding factor since the early part of the summer of 1980 has been the economic recession. During the second quarter, although total international traffic increased slightly, rail and inland waterways were already recording negative growth rates. During the third quarter the situation worsened and indications are that traffic activity has remained at this level since then.

(ii) The structure of the coal and coke transport markets (NST 2) is still evolving. The general effects of these changes have been: an increase in the international transport of NST 2 and, at the same time, a redistribution of international flows leading to decreased inland waterway traffic from Germany and increased inland waterway and rail flows from the Netherlands of third country origin coal (Community imports of which reached record levels during 1980).

The modal split development for the three modes was as follows (figures for Q4/80 being preliminary estimates):

	Q3/80	Q3/79	Q4/80	Q4/79
Road	36.6	34.5	38.8	37.0
Rail	17.2	18.5	17.9	19.0
I.W.	46.2	47.0	43.3	44.0
	100	100	100	100

Thus the growth in road's market share, which had almost stopped during the last three years, moved forward at the expense of rail and inland waterways indicating, as it did during the 1975 recession, that road tonnage is not affected to the same extent as that for other modes. Rail and waterways are largely dependent upon certain key heavy industrials which are themselves in recession. Recession in these sectors, e.g. steel, has a disproportionate negative impact on the tonnage transported. Road transport, drawing its market from a wider range of industry, has been better able to maintain its tonnage despite falls in certain traffics.

SECTION 2. ANALYSES OF TRAFFIC BY MODE OF TRANSPORT; THIRD QUARTER 1980

(i) Road

During the third quarter of 1980, international EUR-7 road tonnage remained at the same level compared with the corresponding quarter of 1979. It has been able to maintain this level, whilst rail and inland waterway tonnages have declined, because of a combination of factors; its general flexibility during a period of recession, the buoyancy of the agricultural and foodstuffs market and an increase in traffic from the Netherlands to Belgium of 40%. If this last relation is excluded from the total tonnage, a decrease in Community road traffic of almost 4% is obtained.

With regard to the transport of agricultural products and foodstuffs (NST 0 and 1) the following relations all recorded notable increases: F → B + L, F → IT, D → NL, D → IT, NL → D and NL → B + L.

Generalizations which can be made on Q3/80 international road traffic are:

- all relations into Italy increased
- all Dutch import relations declined.

At the individual relation level the following points can be made:

(a) B + L → F increased by 8% or 265 000 t. This market has been increasing continually since the end of Q1/79 and always due to large increases in NST 6 (mostly chippings) for delivery to the Nord-Pas-de-Calais region.

(b) F → D decreased by 7% to 2.754 million tonnes. This time a NST 6 decrease being the reason.

(c) D → IT increased by 7% continuing the long term general market expansion for road traffic between Germany and Italy.

(d) D - - - NL decreased by 8% essentially due to NST 6 falling by nearly a quarter of a million tonnes, but also smaller falls in NST 2, 8 and 9.

(e) NL - - - B + L increased substantially by 40% or 850.000 t; 600.000 t of this was due to NST 6 (sand and gravel) with smaller increases in NST 0, 1 and 2 making up the rest.

(ii) Inland waterways

In Q3/80 the total international tonnage transported by inland waterways decreased by 7.2% and with the exceptions of a large increase in traffic from the Netherlands to France and a smaller one from Belgium to France all other relations decreased.

Besides the economic recession the main factor affecting the inland waterway market continued to be the restructuration of the NST 2 (coal) market. German exports by Inland waterways fell drastically during Q3/80 and on each relation the decline in NST 2 exports was a factor, if not the dominant one. At the same time, Community coal and coke imports from third countries reached record levels in 1980, essentially from the United States and South Africa. Most of these third country deliveries were imported directly into the country of destination, but a significant tonnage arrives in Rotterdam for transshipment. This transshipment to inland waterways has been the reason for the recent large increases in traffic from the Netherlands to France.

At the individual relation level, the following points can be made:

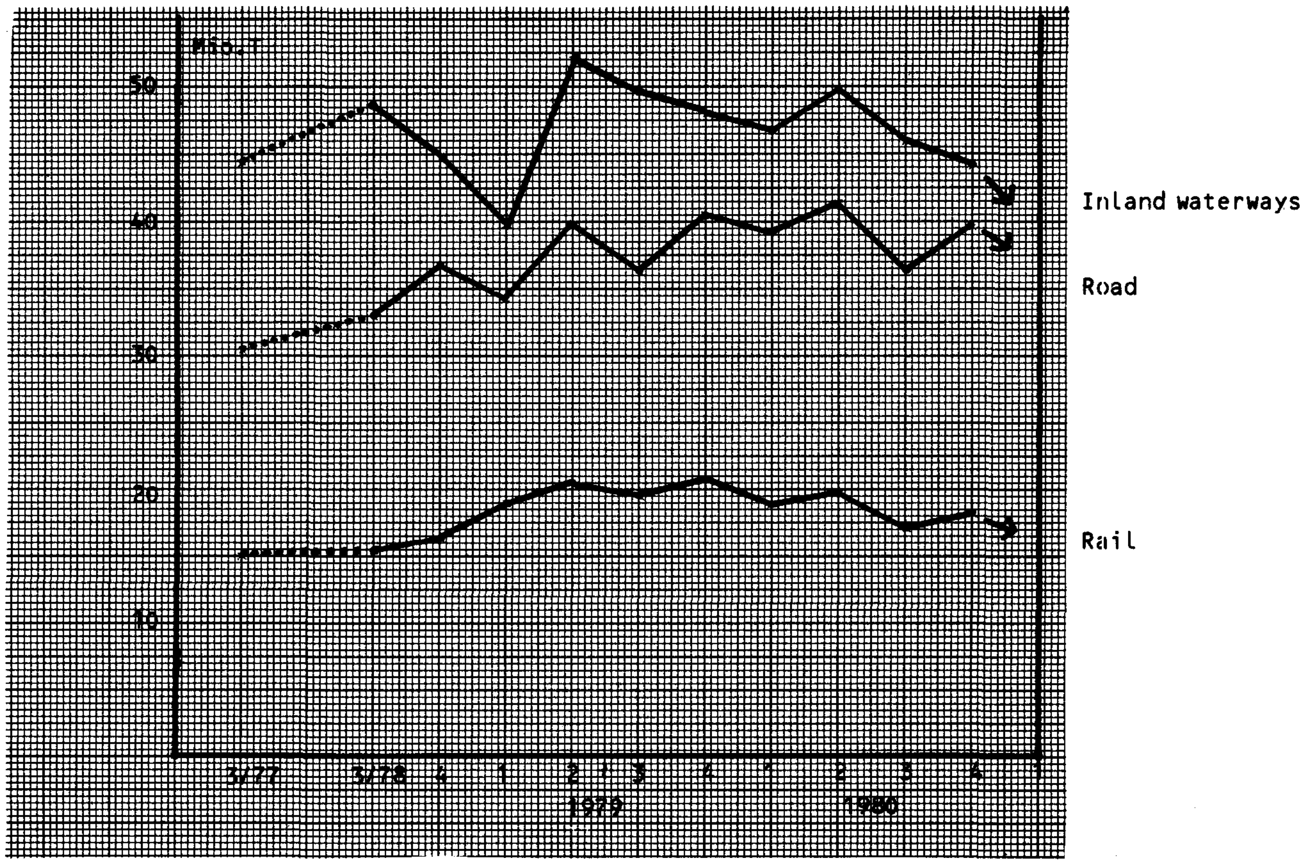
(a) NL ⟶ D decreased by 3.2%, but this amounts to 550.000 t. This fall was due to NST 4 (-900.000 t) and 8 (-160.000 t) with partially compensating increases in NST 2 (+130.000 t) and 3 (+230.000 t).

(b) German exports: (D ⟶ B + L (-29%); D ⟶ NL (-14.3%); D ⟶ F (-24%)). As can be seen, German exports suffered very severely and as mentioned above the transport of NST 2 played a role in each relation. D ⟶ B + L fell by 830.000 t due (principally) to NST 2 (-300.000 t), NST 5 (-270.000 t) and NST 8 (-115.000 t); D ⟶ NL decreased by almost 1.3 million t; NST 2 (-180.000 t), 6 (-870.000 t) and 8(-180.000 t) being responsible; D ⟶ F fell 200.000 t due entirely to NST 2.

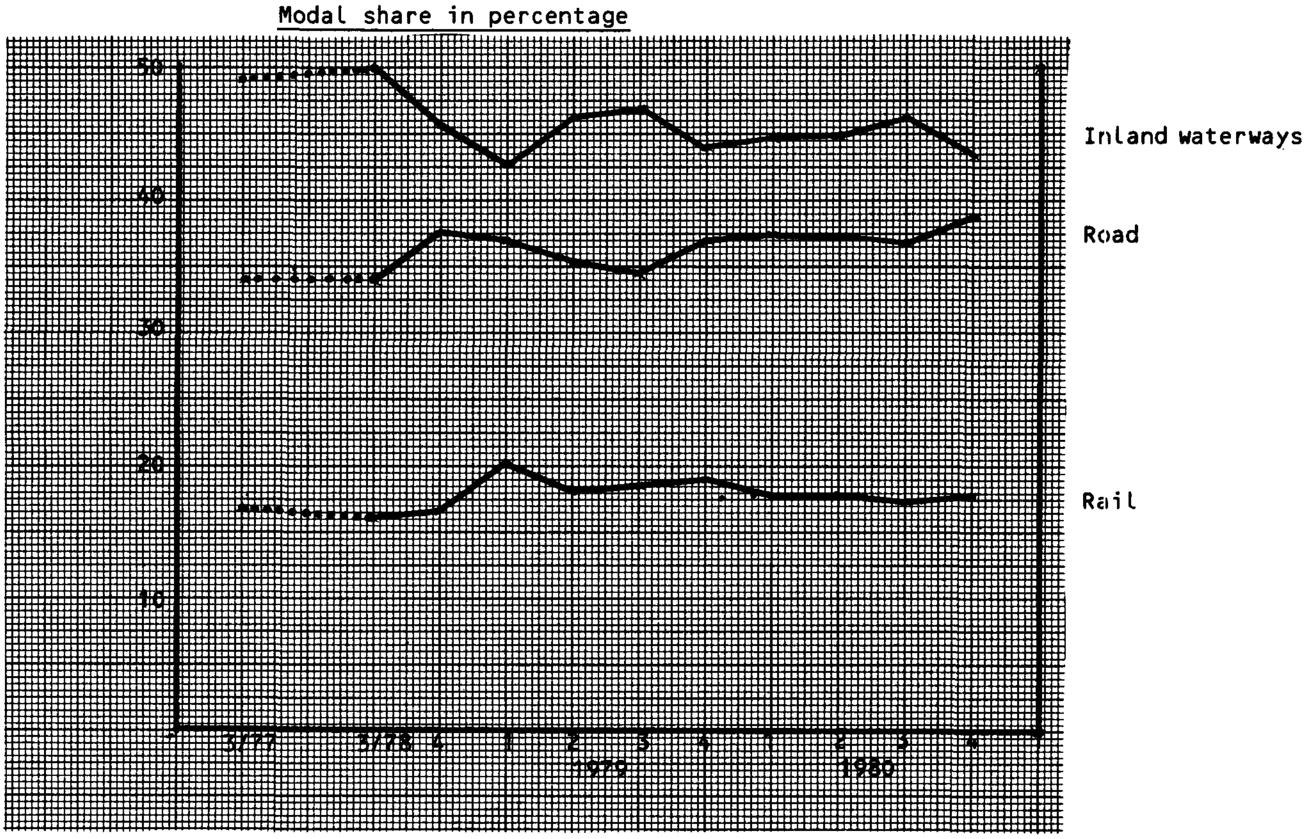
(c) NL ⟶ F +23%, the one happy story for inland waterways, where the transport of coal increased from 186.000 t in Q3/79 to 480.000 t in Q3/80 accounted for this increase. (In the other direction, i.e. F ⟶ NL, the market decreased 18% due to a fall in NST 6).

(d) F ⟶ D decreased by 13% (-410.000 t) due to NST 3 (-130.000 t) and NST 6 (-280.000 t).

Traffic between Member States by mode (Excluding United Kingdom and Ireland)



Modal share in percentage



(iii) Rail

After maintaining its very high 1979 traffic volume during the first half of 1980, rail traffic fell heavily during Q3/80 such that all traffic relations, with the exception of German/Italian traffic, recorded negative growth rates. As with inland waterways the transport of coal played a role in the rail market as well as decreases in the other traditional rail markets of NST 4 (ores) and 5 (metal products).

At the individual relation level the following points can be made:

(a) German exports to Belgium/Luxembourg, France and the Netherlands all decreased and NST 2 dominated in the decline on each relation. NST 2 shipments to Belgium by rail decreased 43% to 400.000 t, to Luxembourg 16% to 500.000 t, to France 13% to 1.275 million t and to the Netherlands 30% to 240.000 t. With regard to France, the Netherlands and Luxembourg NST 2 was the sole factor, whereas D ⟶ B which fell in total by 45% to 700.000 t was also affected by a drop in the transport of NST 5 and 8.

(b) German/Italian rail traffic (D ⟶ IT +14%, IT ⟶ D +1%). The increase in traffic here was due to an expanding market especially in the direction D ⟶ IT where there were increases in NST Chapters 0, 1, 5, 6 and 9.

(c) NL ⟶ D decreased 20% to 1.1 million tonnes. The reason being a large fall in NST 4 (ores) the most important category on this relation.

(d) F ⟶ B + L decreased by 18% to 2.5 million tonnes. NST 4 again being the reason and again being the most important goods category. On this relation it being iron ore from the Lorraine region to the Belgian steel plants.

(e) B + L ⟶ F decreased 13% to 1.4 million tonnes despite a 70% increase to 190.000 t of heavy oils. Decreases being registered in NST 0 (principally corn) 5 (steel products) and 7 (mainly slag).

The Basics: International EUR 7 (B + L) in million tonnes:

	Q3/1980	Q3/1979	% change	Modal share Q3/80
Road	36.46	36.47	0	36.6
Rail	17.10	19.61	- 12.8	17.2
I.W.	46.09	49.67	- 7.2	46.2
Total	99.65	105.75	- 5.8	100.0

SECTION 3. RECENT DEVELOPMENTS

Preliminary indications and statistics of developments since September 1980 show the continuing effect of the economic recession. This is especially so for the rail and inland waterway sectors which are more dependent on the suffering heavier industries. In comparison with the last quarter of 1979 growth rates in Q4/80 were -2, -12 and -8% for road, rail and inland waterway respectively. Looking briefly at the situation for each mode of transport we find that:

(i) Road

Traffic for the first time since the 1975 economic crisis, recorded a negative growth rate at Community level during the last quarter of 1980. Whilst total international road traffic relations with Germany remained slightly positive, total French international traffic was down between 8 and 10%; exports being particularly badly hit (-15%) with an exceptional decrease of nearly 30% in France to Belgium tonnage.

The results of the transporter inquiry survey carried out among road hauliers show that for the last quarter of 1980 the market remained very depressed, although slightly up on the third quarter. This, of course, is to be expected given the seasonality of the traffic.

The results at Member State level show that the situation has not developed uniformly with hauliers in France and Italy suffering most whilst those in Denmark and the Netherlands appear to be coping with the present difficulties. The forecasts made by the hauliers for the first quarter 1981 expected a worsening of the situation with all hauliers forecasting a downturn in business activity. Graphical presentation of these results plus those for utilization of rolling stock, liquidity problems, investments and driver recruitment are given on pages 12 and 13.

(ii) Rail

Traffic in 1980 appears to be divided into two parts;first half year good, second half bad. During the last quarter 1980 indications are that shipments of NST 4 (ores) to the iron and steel industry fell substantially. French international rail traffic being down about 20% but with NST 4 traffic nearer 30%. Dutch and German railways, however, are estimated to be down about 10% giving a European average of -12%.

(iii) Inland waterways

This appears to have decreased on all relations during Q4/80 with the exception of Belgium to France. Even the recent healthy growth of traffic from the Netherlands to France has turned negative due to a fall in the transport of NST 4. On the Rhine in general, traffic was depressed (with the exception of October) due to, in particular, a decrease in NST 4.

NST 4 shipments from the Netherlands to Germany, the most important goods category on this relation, being down about 12-14%. Forecasts made by the Central Rhine Commission about the first quarter 1981 are equally pessimistic, with expected falls in NST Chapters 4, 5 and 6 but with a certain increase in NST 2.

French inland waterway international links in January 1981 were particularly bad with imports being down 32%, (the NL ⟶ F market being halved) and exports down 11% - the positive growth of F ⟶ B traffic (+6%) being a partial saving factor.

SECTION 4. TRAFFIC INVOLVING THE UNITED KINGDOM AND IRELAND

(i) United kingdom traffic

Ro-ro road traffic from the United Kingdom to the continent during Q3/80 decreased in terms of vehicle numbers by 9% to 135.000, (driver-accompanied vehicles were down 6%). The French fishermen's blockade during August disrupted routes between the UK and France, but most of this traffic surmounted this obstacle by re-routing through Belgian ports. Thus the decrease in traffic was due essentially to the general economic recession rather than any temporary factors. This recession has had its consequences for the ferry companies where, on top of the decrease in traffic, an increase in capacity available has led to very poor utilization factors on the ferry routes.

Dover, which accounts for 40% of the UK ro-ro traffic, managed to increase its tonnage throughput during Q3/80, although the number of vehicles declined. In Q4/80 tonnage through Dover decreased by 3% and in January 1981 by nearly 12%, indicating that the cross-channel recession had not bottomed out by the turn of the year.

Cross-channel rail traffic, on the other hand, performed very well during 1980. Q3/80 train ferry traffic through Dover being up 7% on Q3/79. In Q4 the increase was 1.7% (Dover), giving a 1980 increase of 3% on 1979. When the traffic between Harwich and Weebrugge is included, the overall train ferry traffic in 1980 surpassed one million tonnes, maintaining the record 1979 levels.

(ii) Irish traffic

Container and ro-ro traffic across the Irish Sea continued to be buoyant, increasing by 20% in total compared with Q3/79.

Irish traffic with the continent also continued to expand during Q3 with meat shipments to France up 15%, this in spite of the French fishermen's blockade which disruped the direct Ireland/France ferries during August.

However, indications are that since the end of September several factors adversely affected international Irish haulage. First, due to EEC regulations, it has become financially more favourable to export live animals rather than meat in refrigerated trailers; this is expected to have a long term effect on the transport of refrigerated meat. Second, the economic recession and finally the strength of sterling having a significant effect on Irish imports from the traditional UK market.

NST Classification

NST 0 - Agricultural products and live animals
NST 1 - Foodstuffs and animal fodder
NST 2 - Solid mineral fuels
NST 3 - Petroleum products
NST 4 - Ores and metal waste
NST 5 - Metal products
NST 6 - Crude and manufactured minerals, building materials
NST 7 - Fertilizers
NST 8 - Chemicals
NST 9 - Machinery, transport equipment, manufactured articles and miscellaneous articles.

SECTION 5. GRAPHICAL PRESENTATION OF THE RESULTS OF THE SURVEY AMONG ROAD HAULIERS

ZEICHENERKLÄRUNG - KEY - LEGENDE

S(%) Gesamte Meinungssalden (in Prozenten)
Aggregate balance of opinions (in percentage)
Soldes globaux d'opinions (en pourcentage)

Ausnutzung des rollen den Materials
Utilization of rolling stock
Utilisation du matériel roulant

Vorausschaetzung
Forecast
Prévision

Verwirklicht
Actual
Réalisation

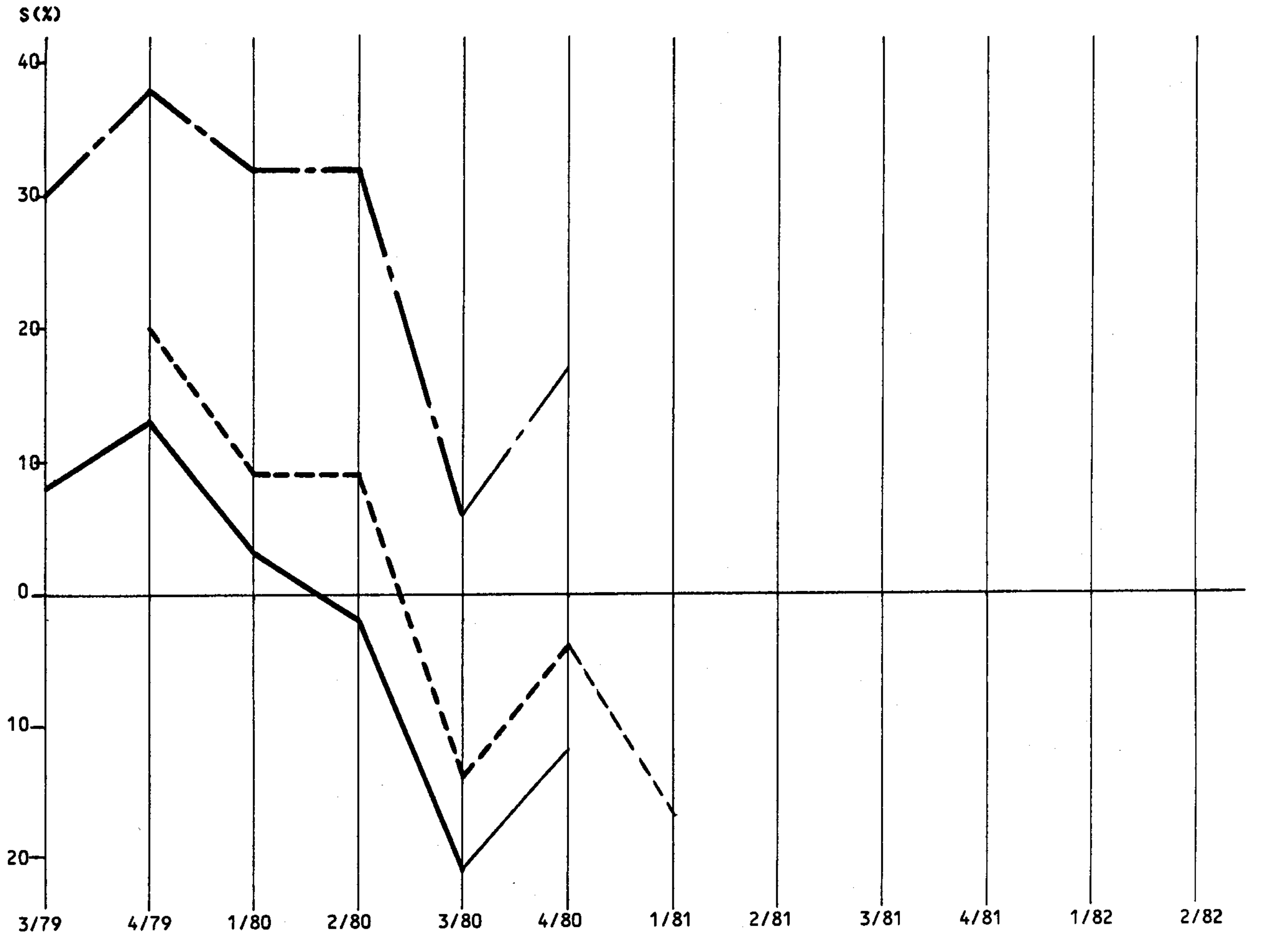
ZEICHENERKLÄRUNG - KEY - LEGENDE

Prozentuales Verhältnis der Unternehmen,die Finanzielle Schwierigkeiten meldeten
Percentage of firms indicating having had liquidity problems
Pourcentage d'entreprises signalant avoir eu des difficultés de trésorerie

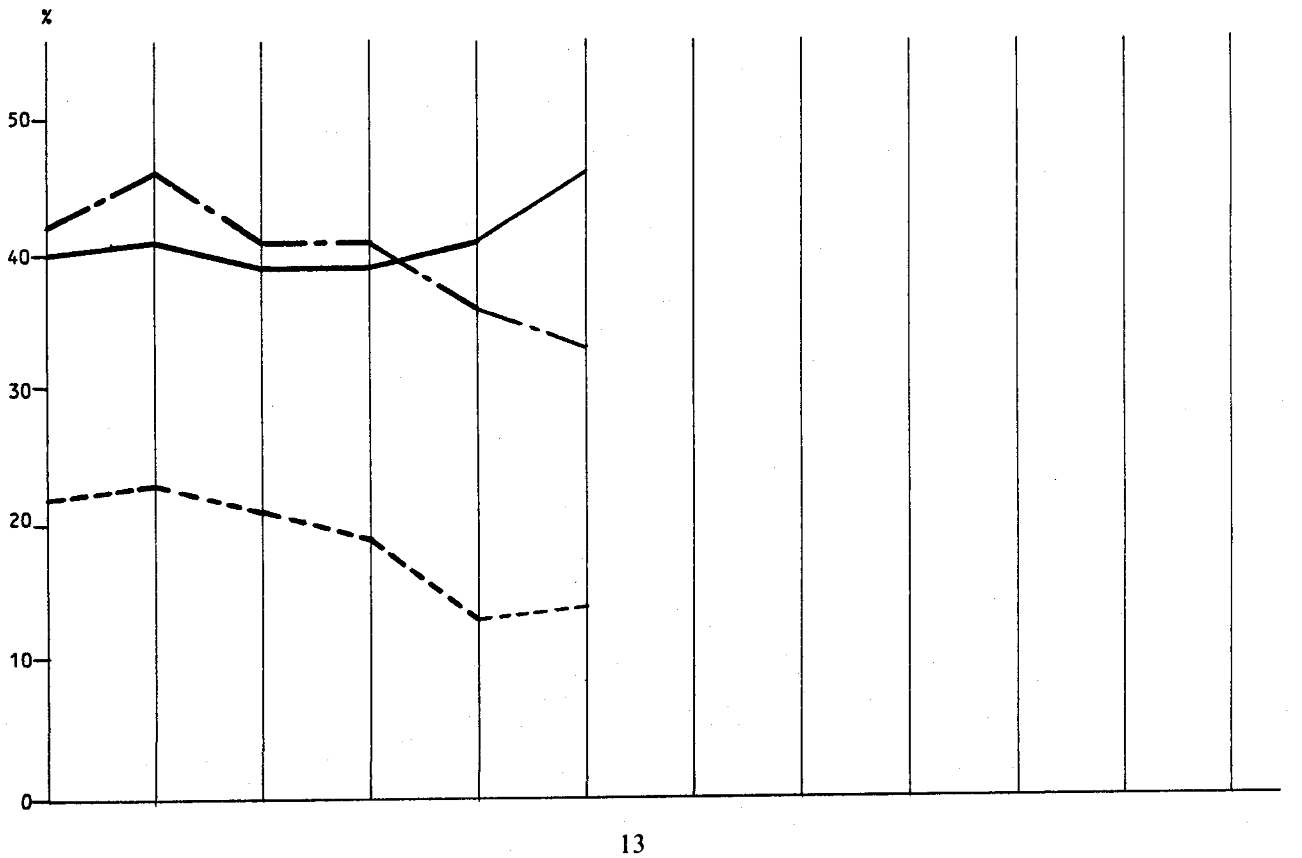
Prozentuales Verhältnis der Unternehmen, die Durchführung von Investitionen meldeten
Percentage of firms indicating having made investments
Pourcentage d'entreprises signalant avoir réalisé des investissements

Prozentuales Verhältnis der Unternehmen, die Fahrer eingestellt haben
Percentage of firms indicating having recruited drivers
Pourcentage d'entreprises signalant avoir recruté des conducteurs

TÄTIGKEITS-INDIKATOREN - INDICATORS OF ACTIVITY - INDICATEURS D'ACTIVITE



WIRTSCHAFTS-INDIKATOREN - ECONOMIC INDICATORS - INDICATEURS ECONOMIQUES



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