

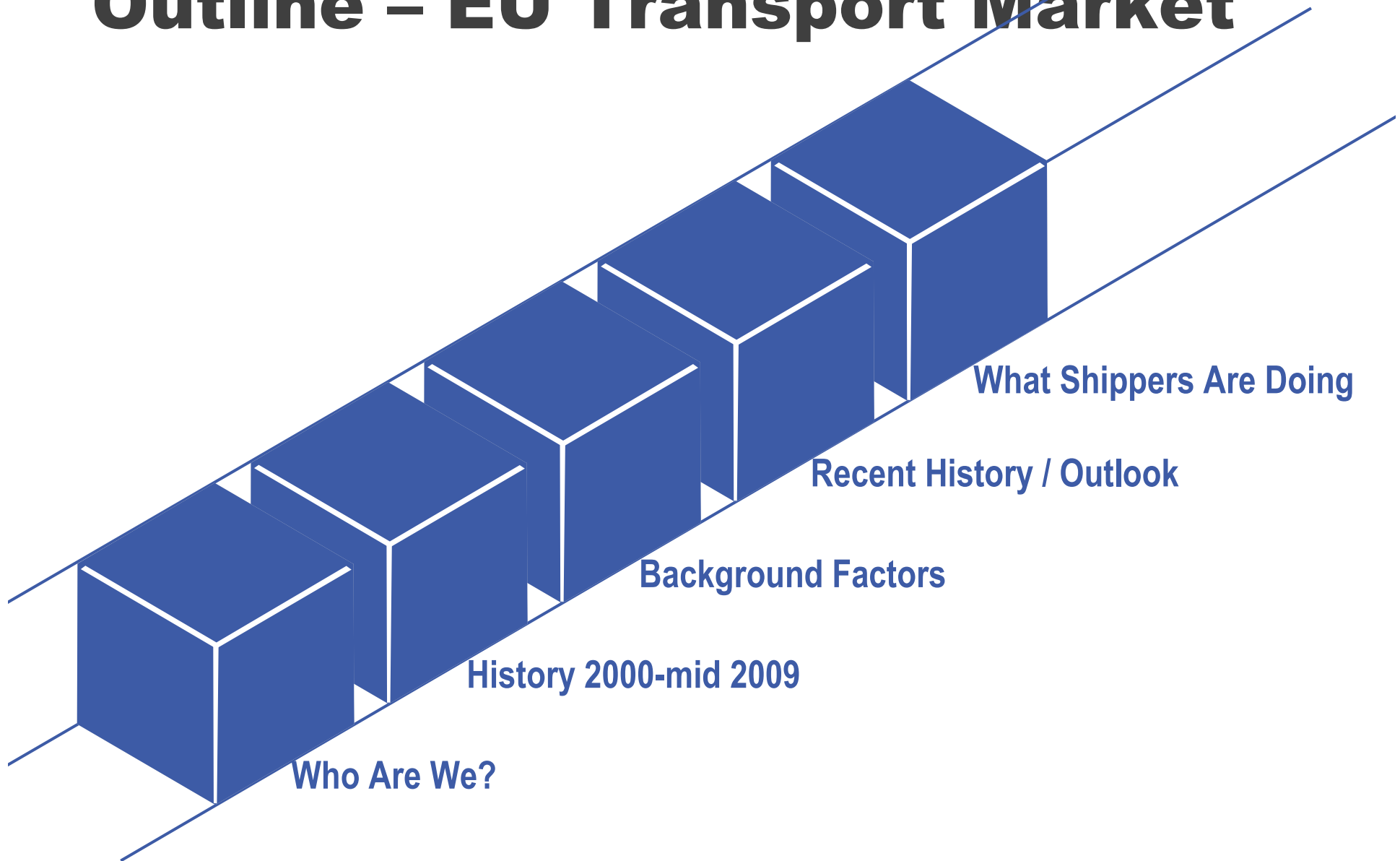


# **MULTIMODAL 2010**

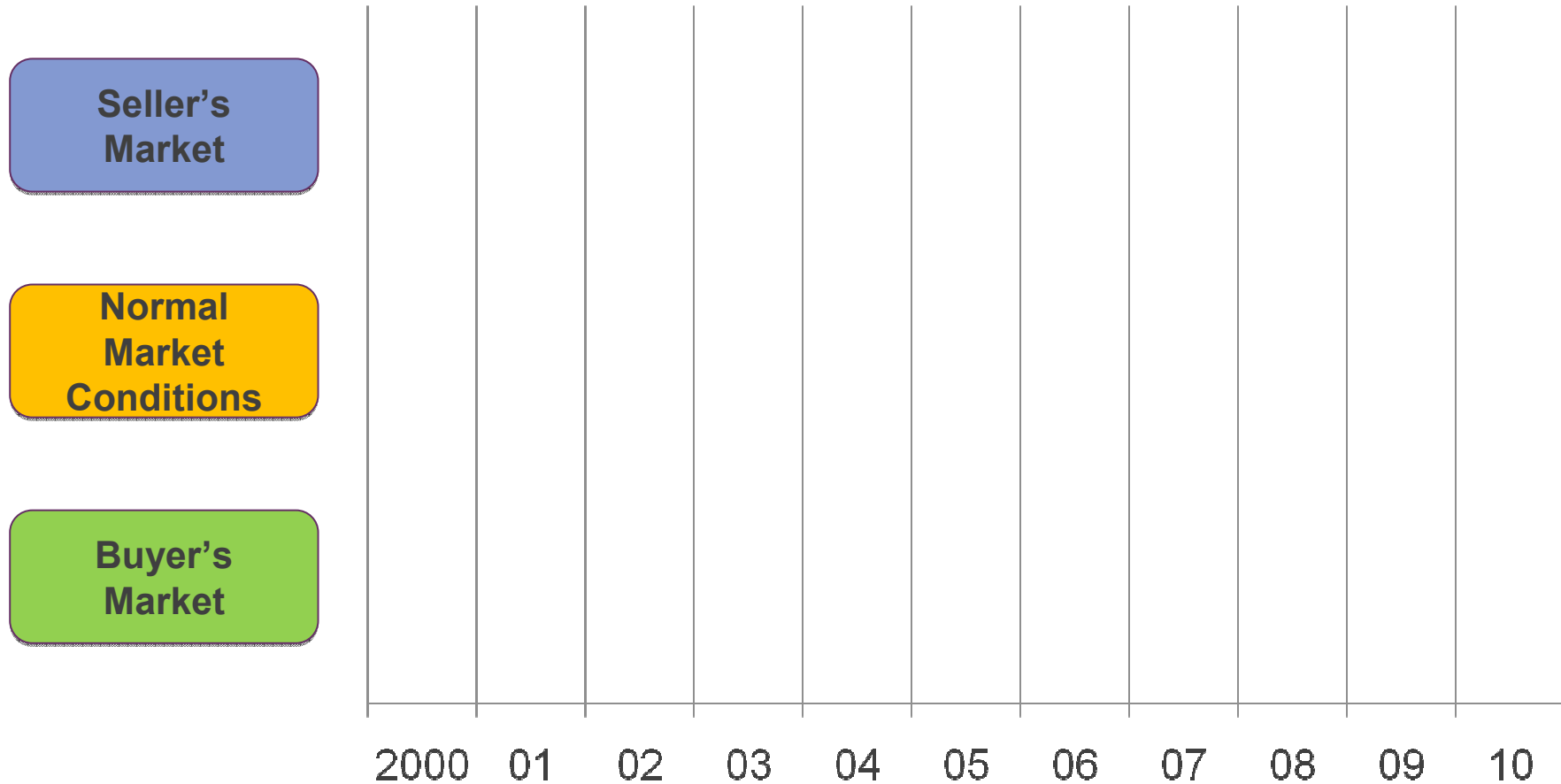
**The European Freight Market  
Review / Outlook / Recommendations**

**Joe Critchley – April 2010**

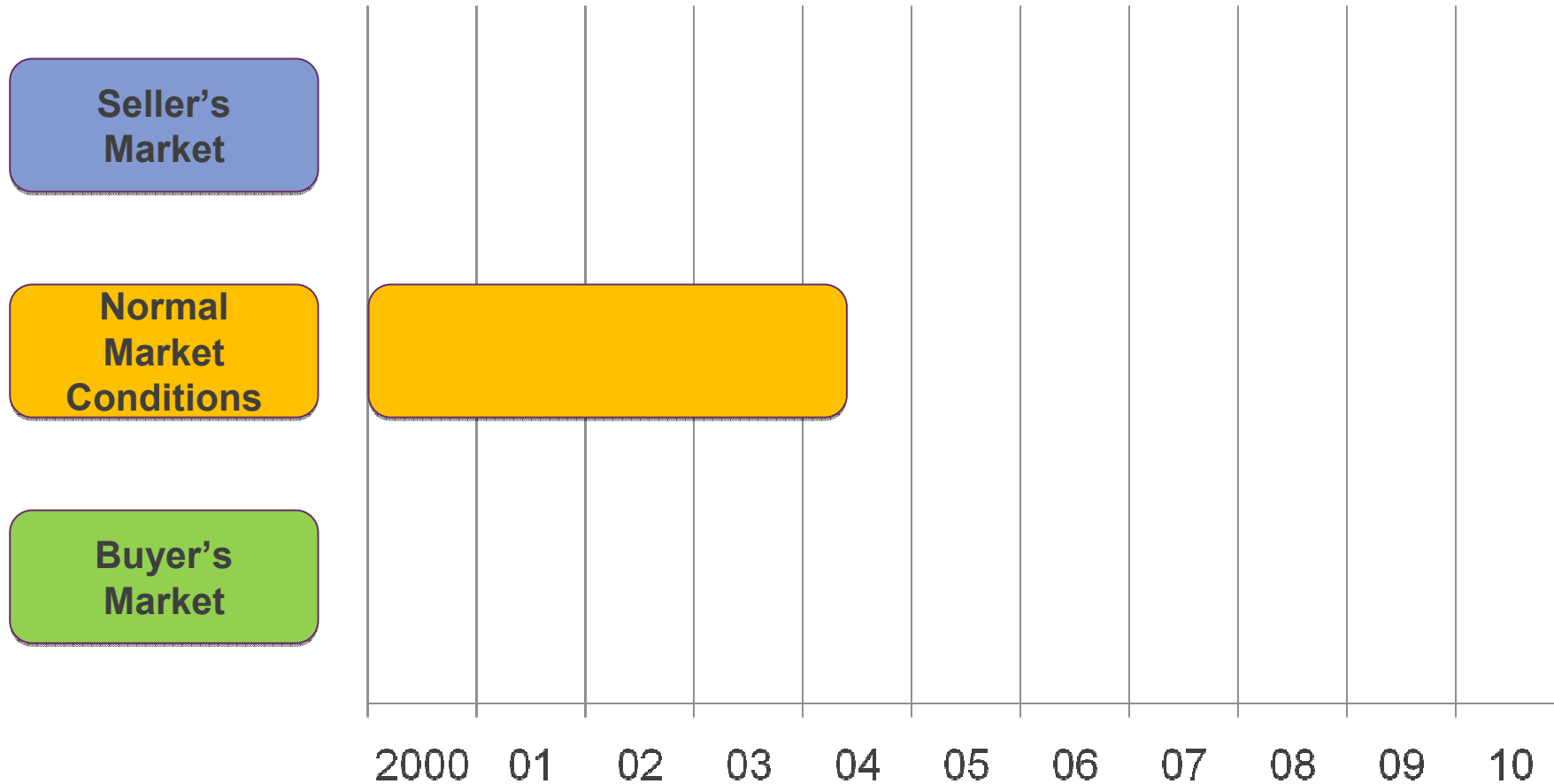
# Outline – EU Transport Market



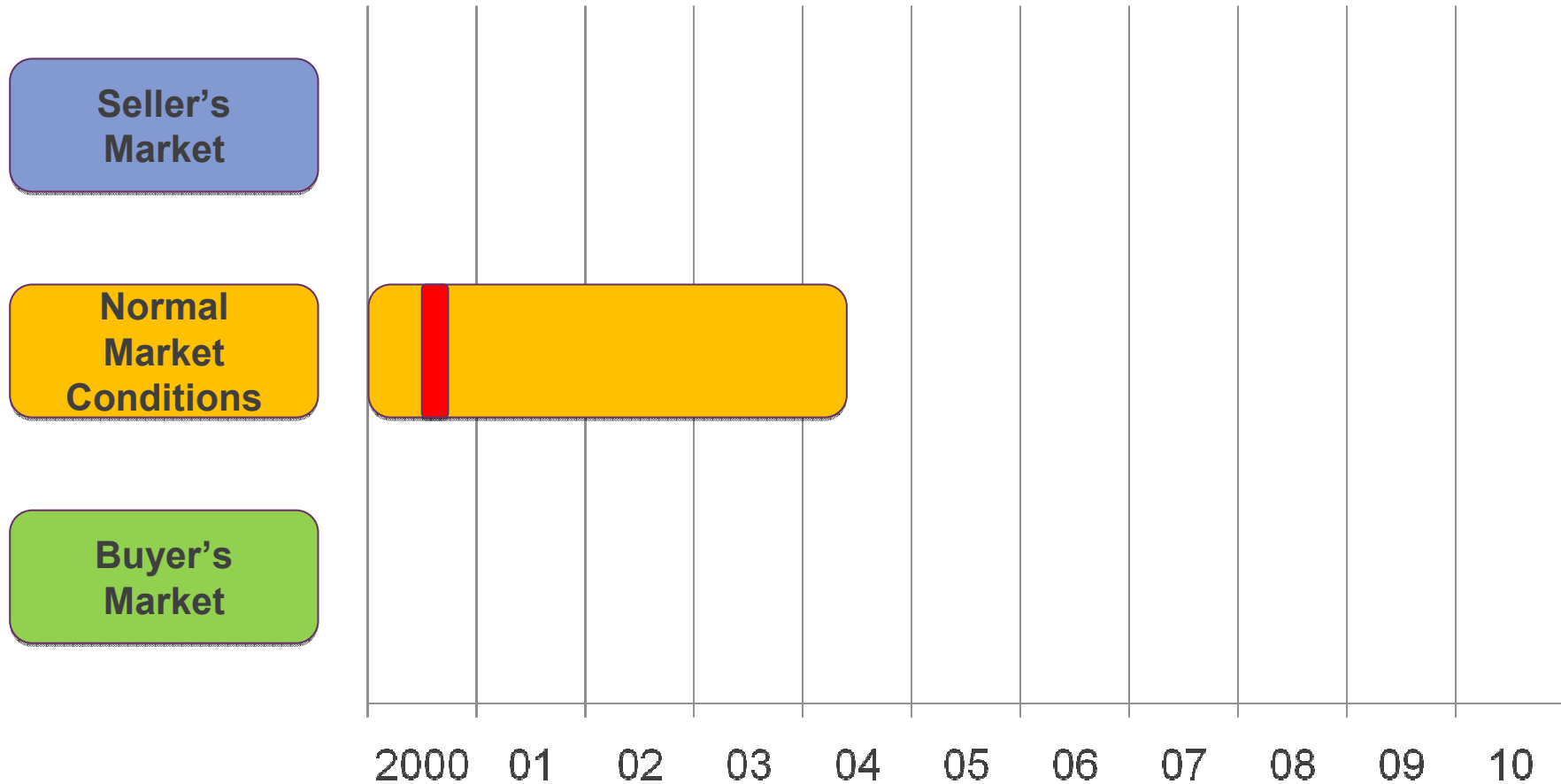
# EU Transport Market 2000-2010



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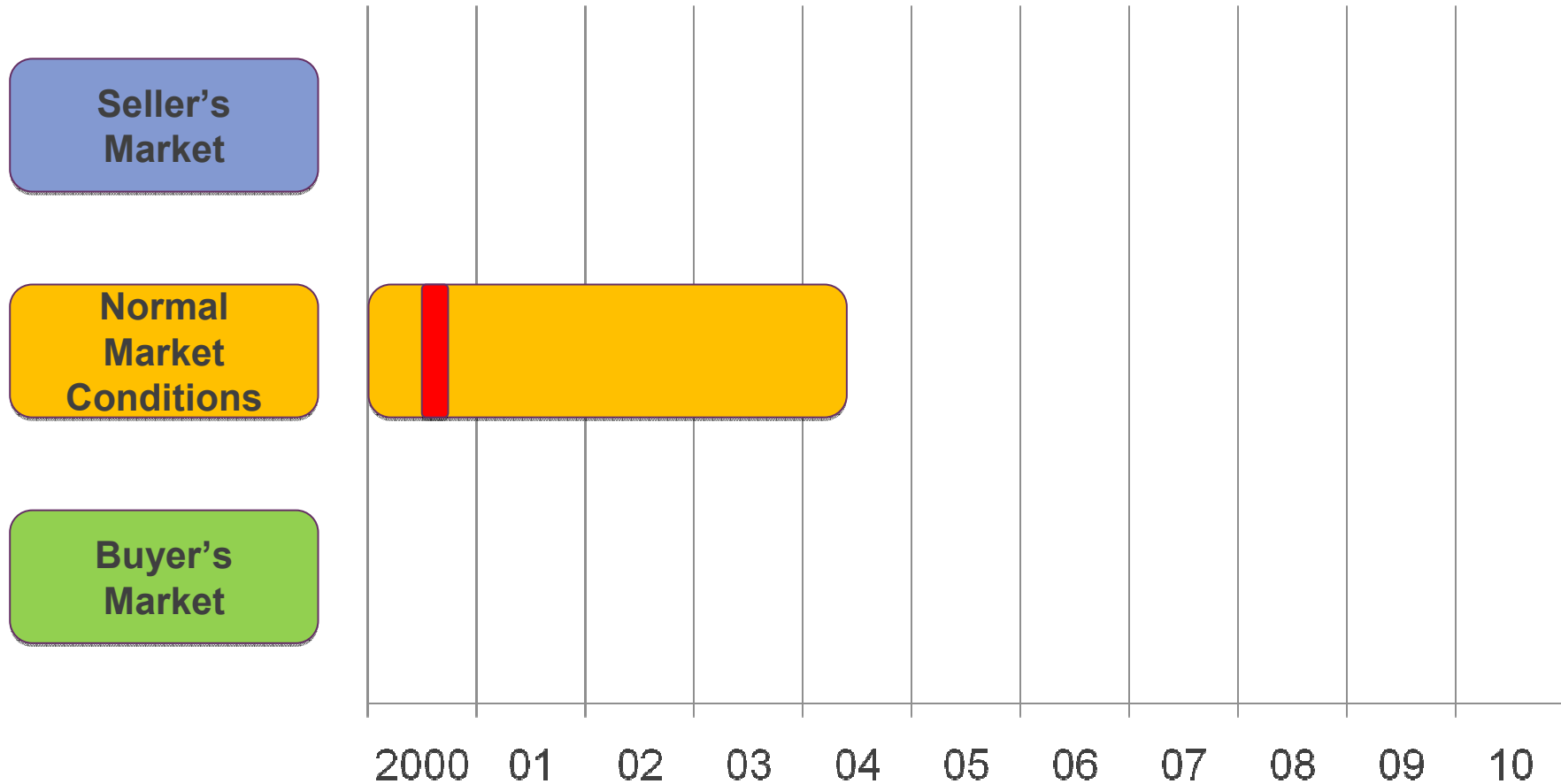


# 2000 to Q2 2004

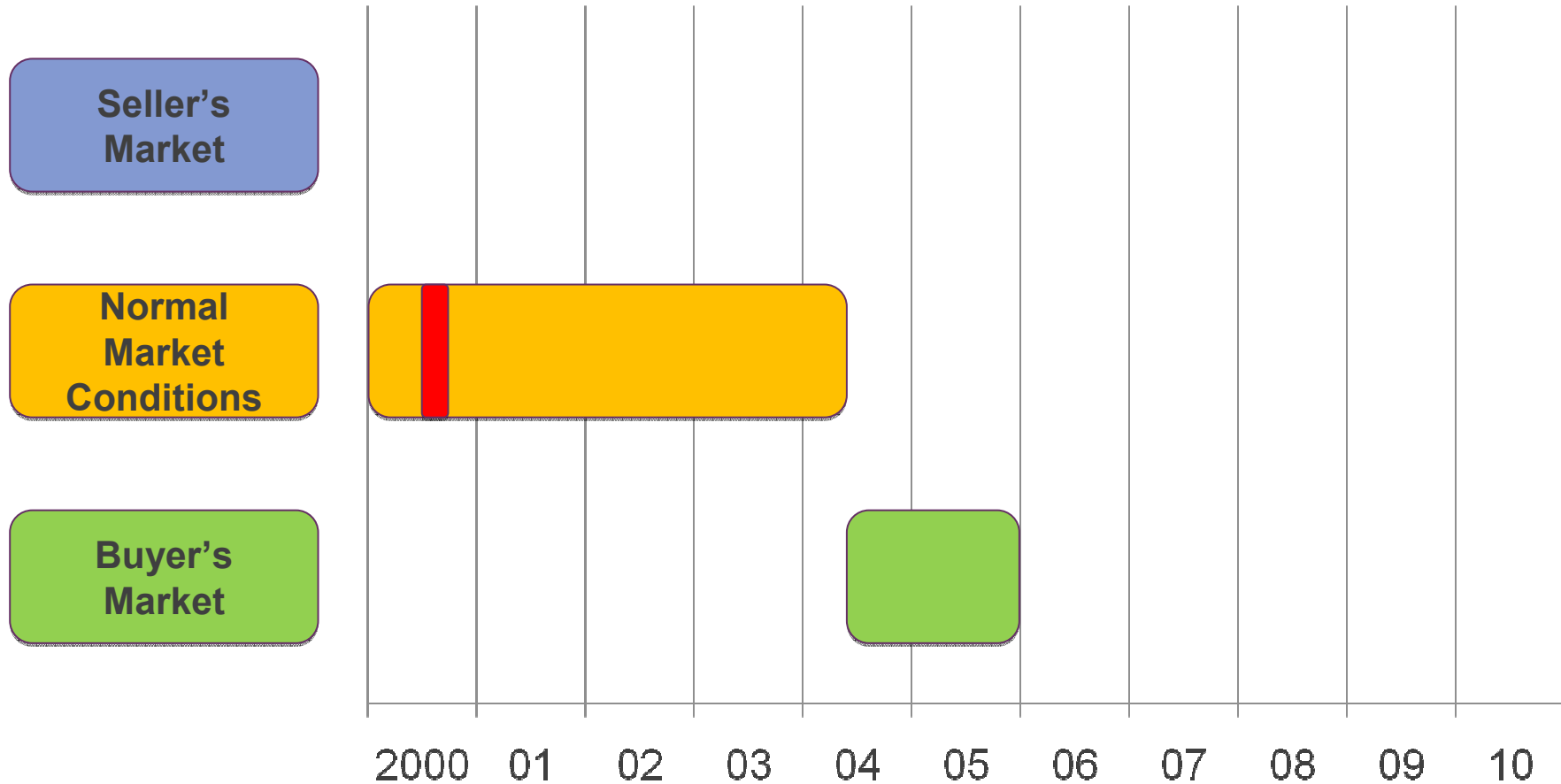
## – Normal Market Conditions

- Opportunities for shippers and carriers
- With tendering
  - Always the likelihood of benefits (savings or other)
  - Regular tendering - regular benefits
  - Sporadic tendering – some spectacular benefits
- Without tendering
  - Inflationary price increases
  - Limited by negotiation
- A short-term blip in 2000
  - Caused by an increase in fuel prices

# EU Transport Market 2000-2010



# EU Transport Market 2000-2010

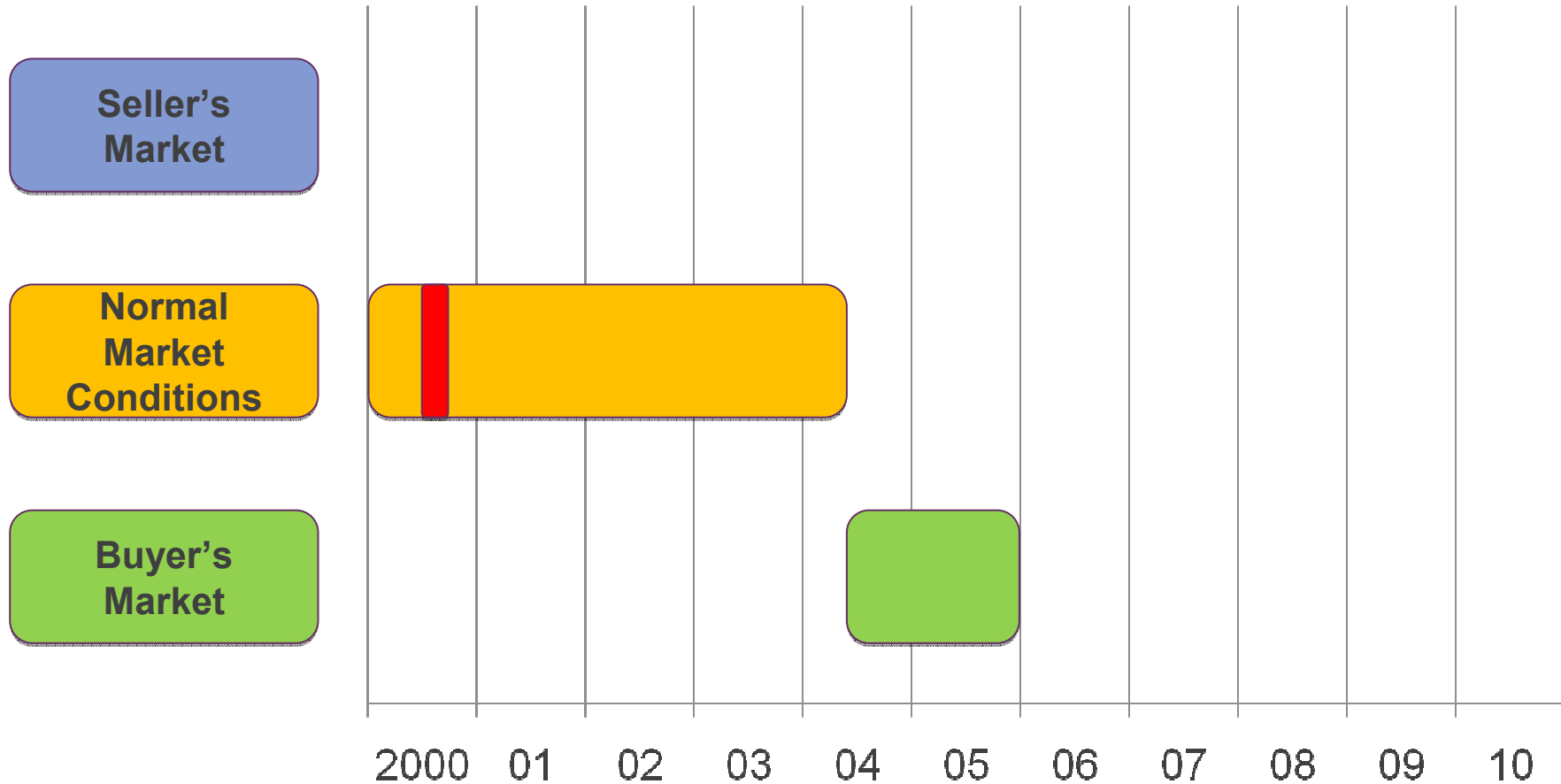


# Q3 2004 to End 2005

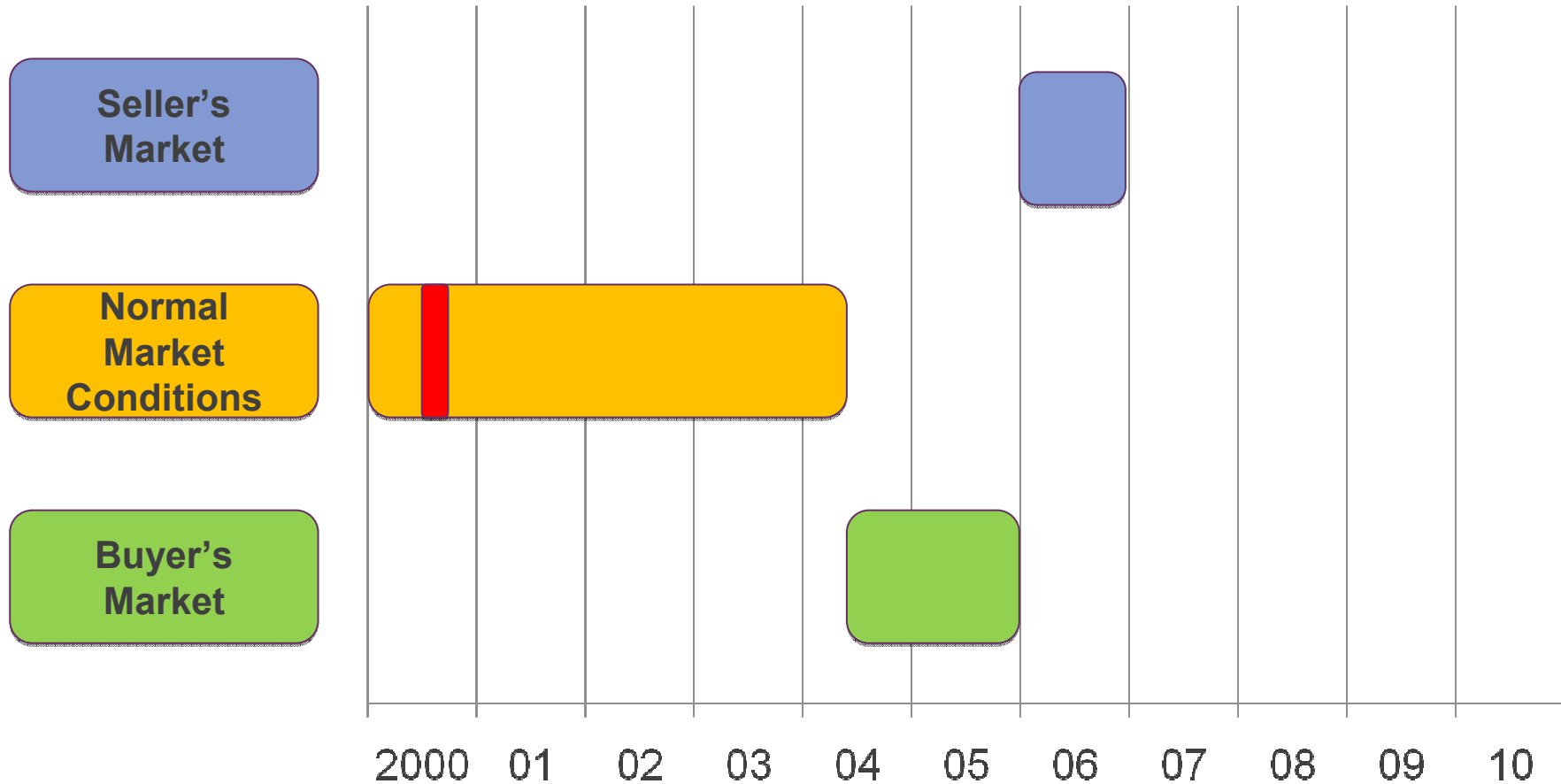
## - A Buyer's Market

- EU Expansion
- May 2004 EU15 became EU25
- Increased competition in transport
  - Increased availability of drivers / equipment
  - Aggressive Eastern European carriers
  - Increased use of tendering platforms
- Reduction in border delays
- Easy to save money on transport
  - Despite the German MAUT – Jan 2005
  - Despite rising fuel prices
- Growth in Eastern European sourcing

# EU Transport Market 2000-2010



# EU Transport Market 2000-2010



# 2006

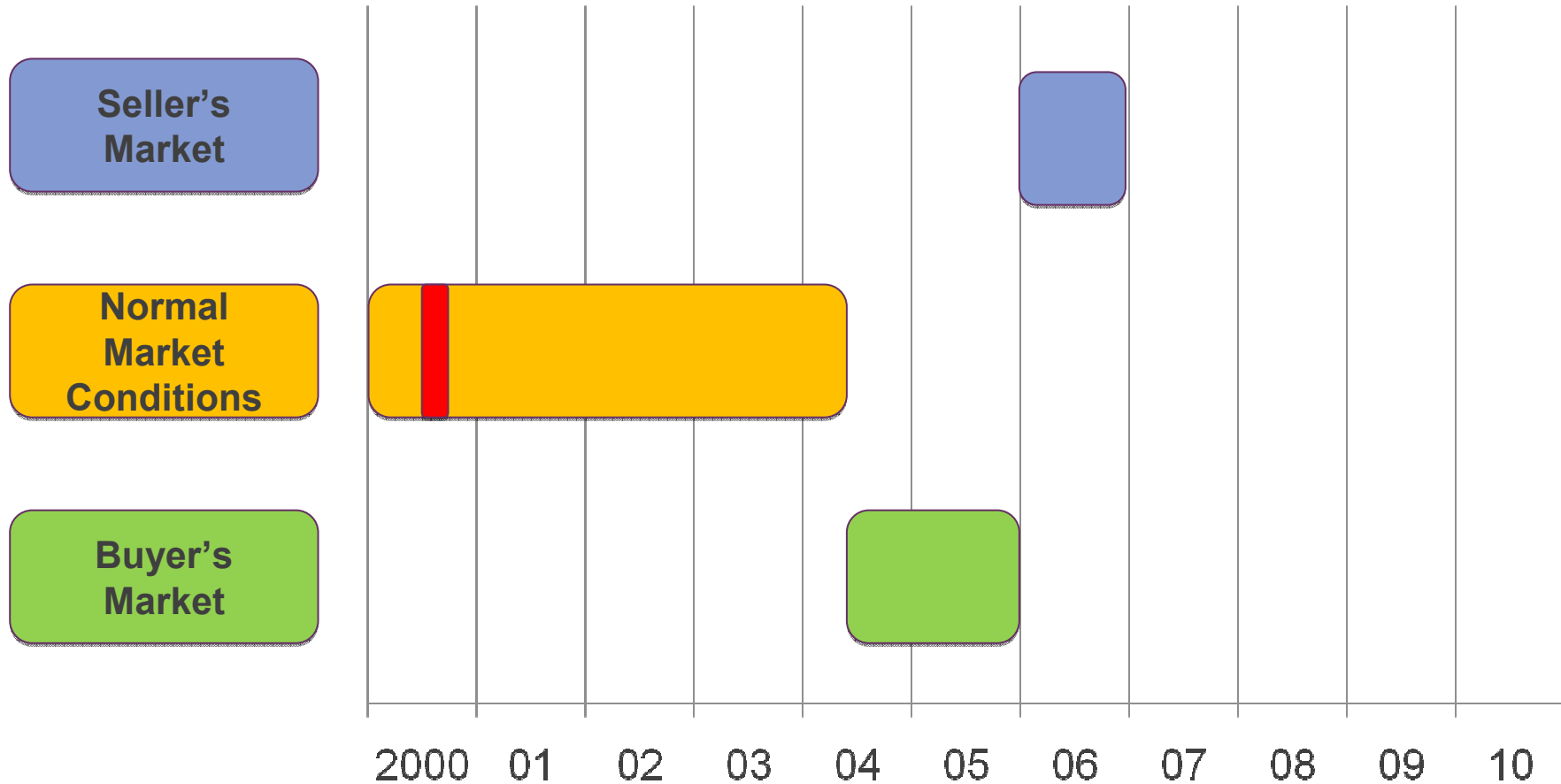
## – A Seller's market

- 8-10% transport price increase v. 2005
  - Only half of this due to fuel
- Shortage in transport capacity
  - Loads not collected / supply jeopardised
  - Shippers forced to use the spot market
  - Asset owning carriers in a stronger position
  - Freight forwarders struggling
- Why?

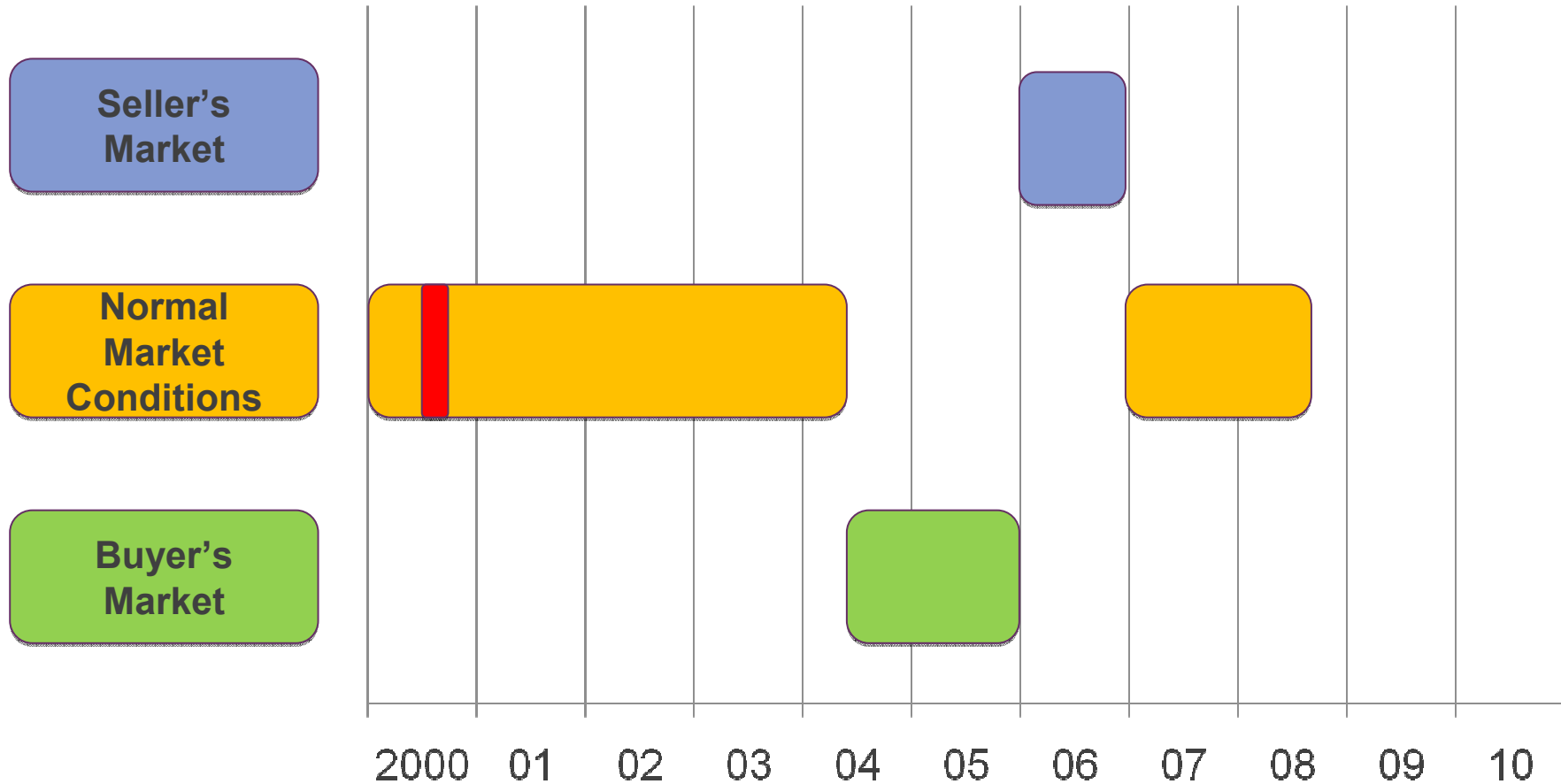
# Survey Of Major Shippers – Sept 06

Factors - 2006 Transport Price Increase (non-fuel)		Index
1	Significant increase in road transport	7.77
2	Shortage of drivers	7.77
3	Lack of investment in equipment	6.92
4	Transport companies going bankrupt	6.69
5	Hot summer raised demand for seasonal products	6.38
6	EU Economic growth (especially Germany)	6.00
7	Rail not yet a viable alternative	5.92
8	Industry consolidation	5.54
9	Legislation	5.38
10	Strong Russian economy	4.54

# EU Transport Market 2000-2010



# EU Transport Market 2000-2010

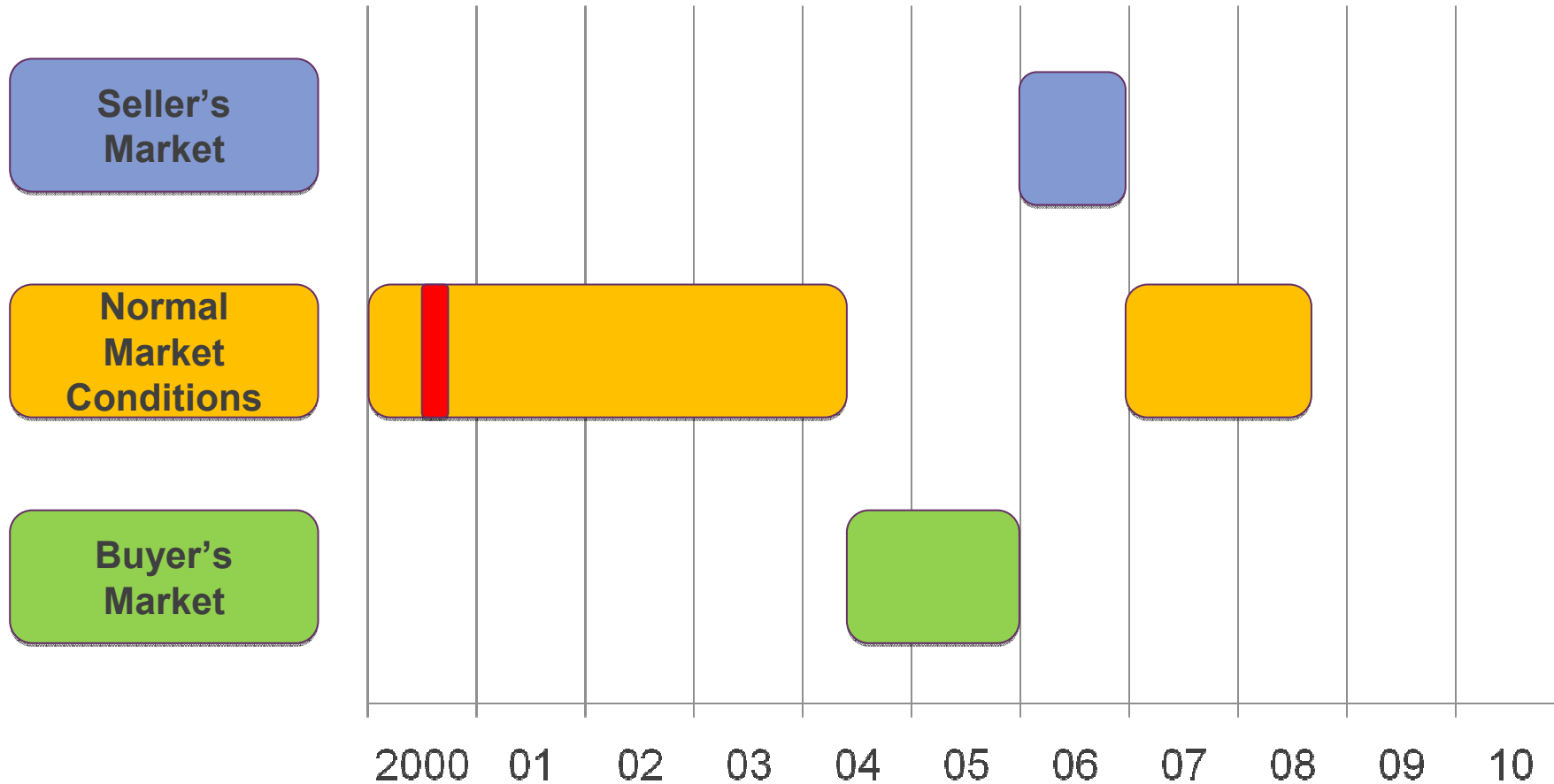


# 2007 - Mid 2008

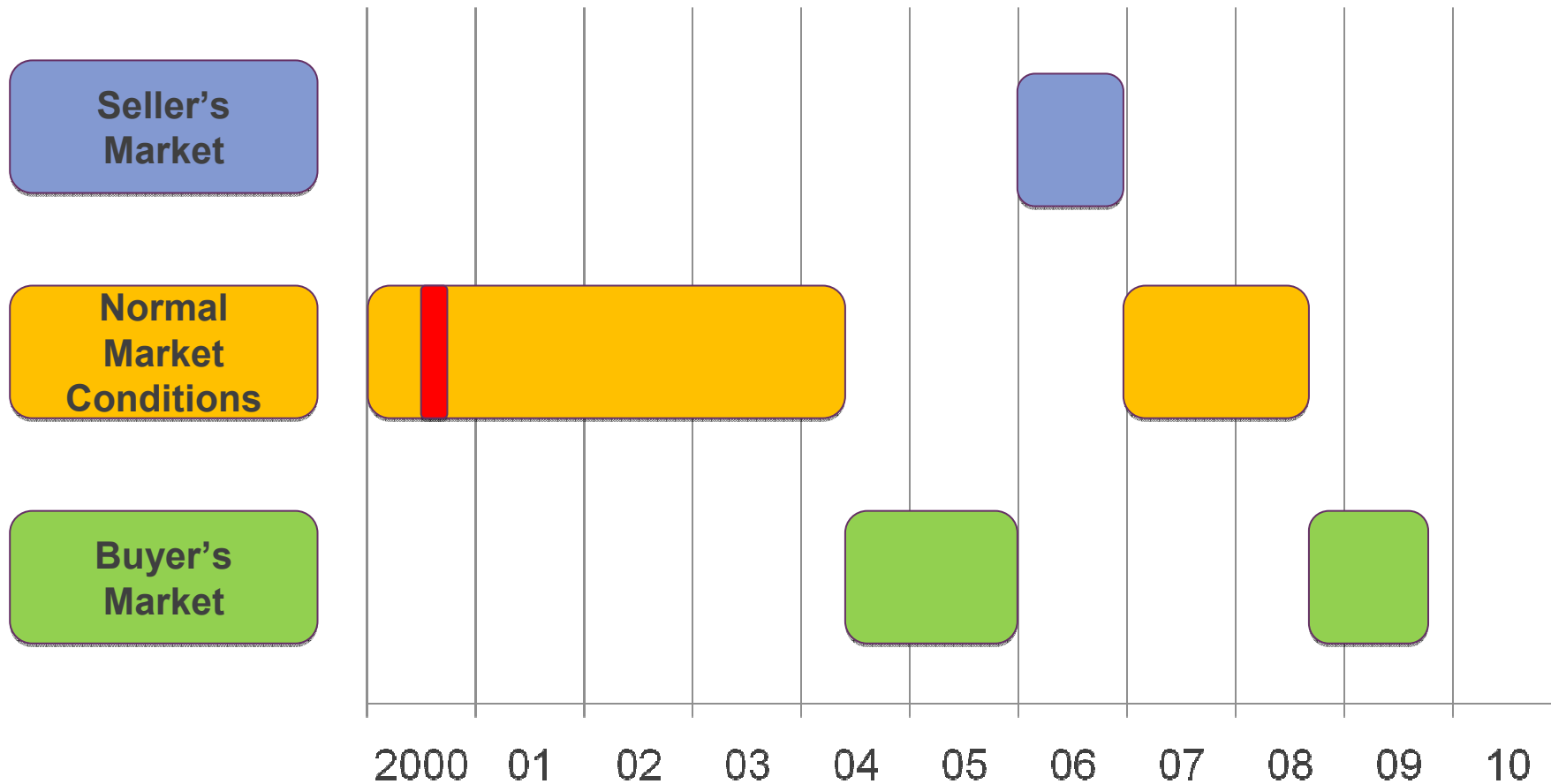
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- Without tendering
  - Inflationary price increases (often driven by the rising cost of fuel)
  - Limited by negotiation

# EU Transport Market 2000-2010



# EU Transport Market 2000-2010

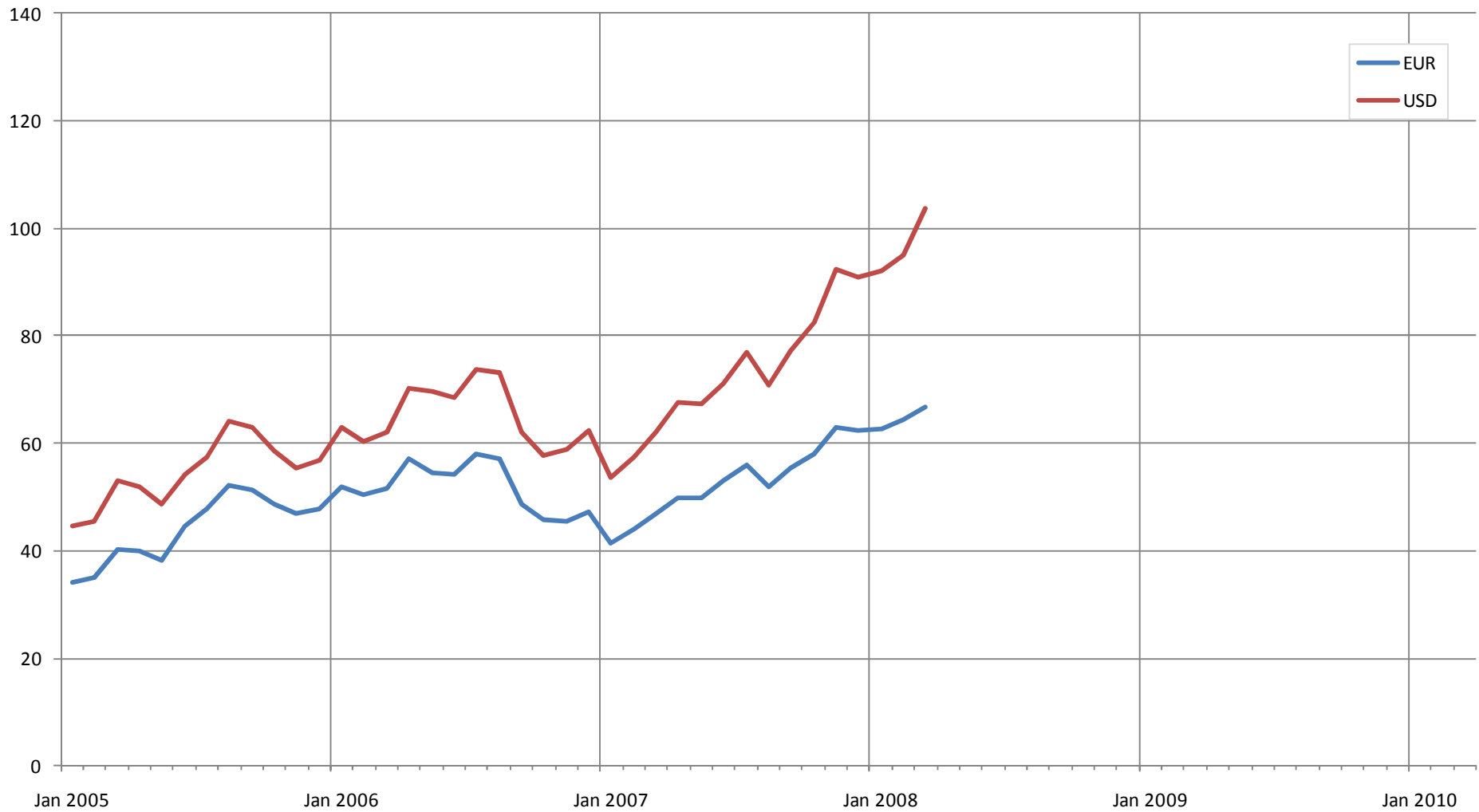


# Mid 2008 to Mid 2009

## - A Buyer's Market

- Savings of 10% easily possible
  - (50% economic situation / 50% fuel)
- Carriers pro-actively offering to leave / reduce rates
- Buyers under pressure to cut costs
- Buyers needing to work with 'safe' carriers
  - Researching carriers more carefully
  - Watching for early warning signs
- Carriers needing to survive
  - Need to get what business they can
  - Need to get paid on time
  - Need to minimise costs

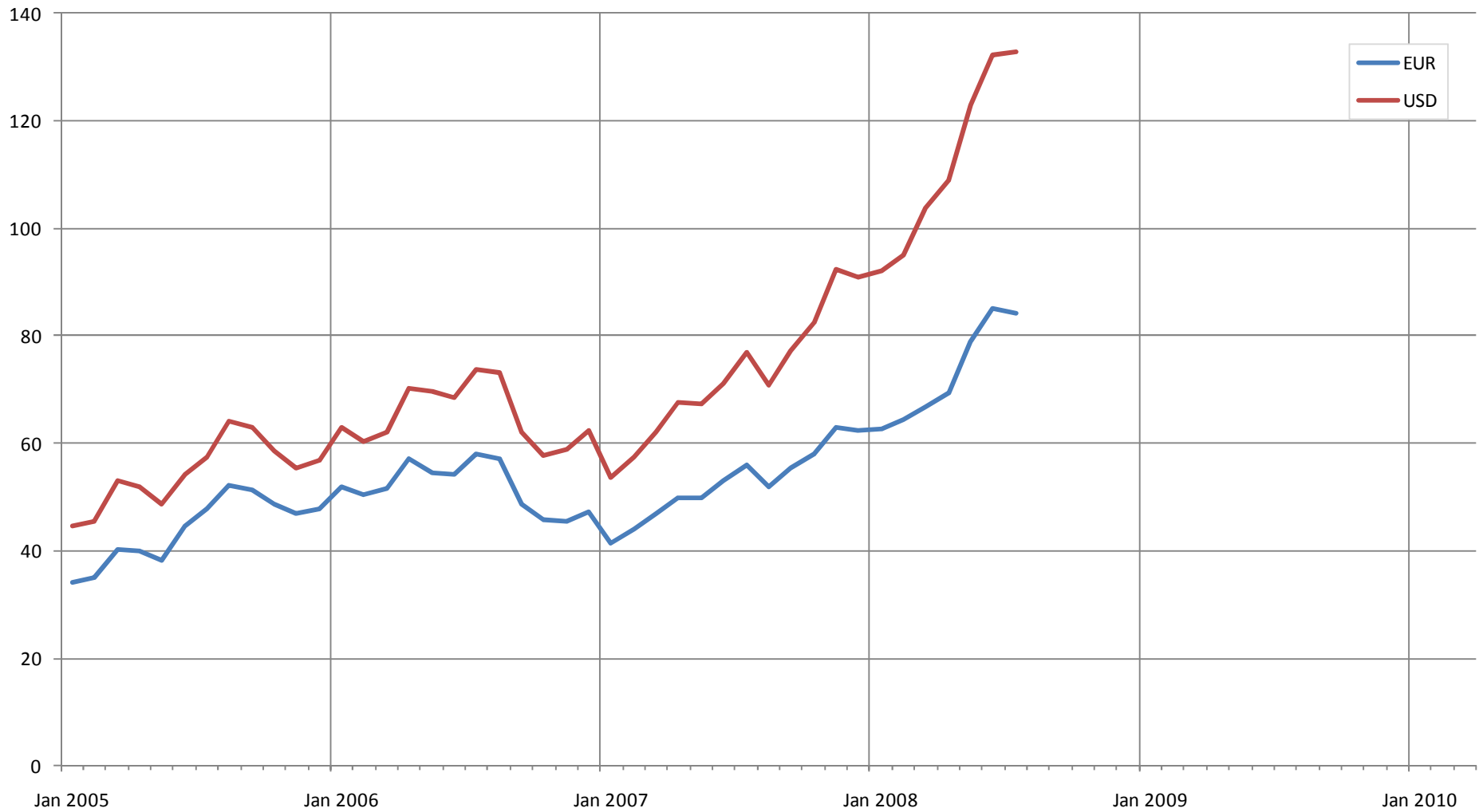
## Brent Crude - Barrel Price\*



\* Europe Brent Spot Price FOB  
(Monthly Average)

Source: US Gov - <http://tonto.eia.doe.gov> | Bank of England - <http://www.bankofengland.co.uk>

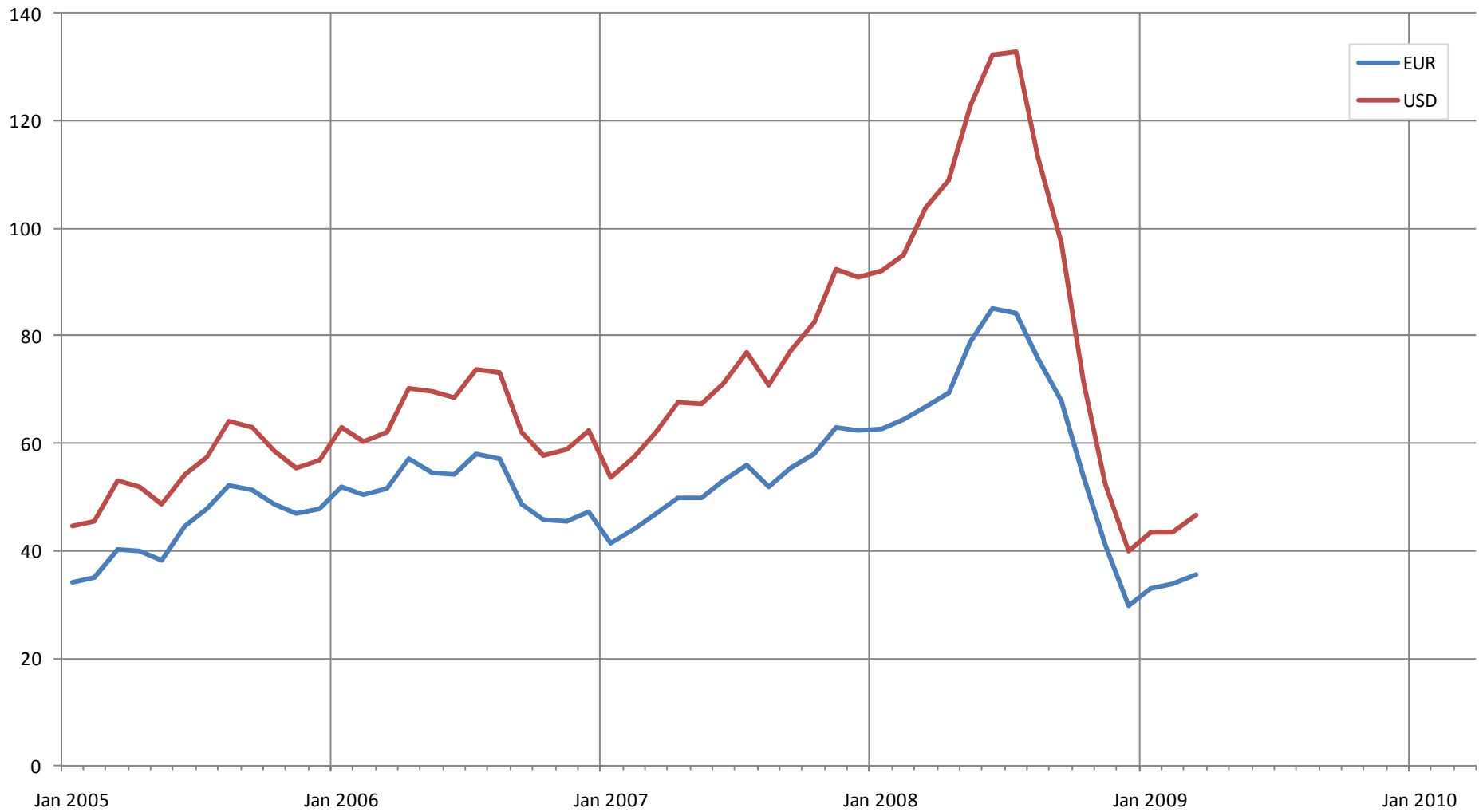
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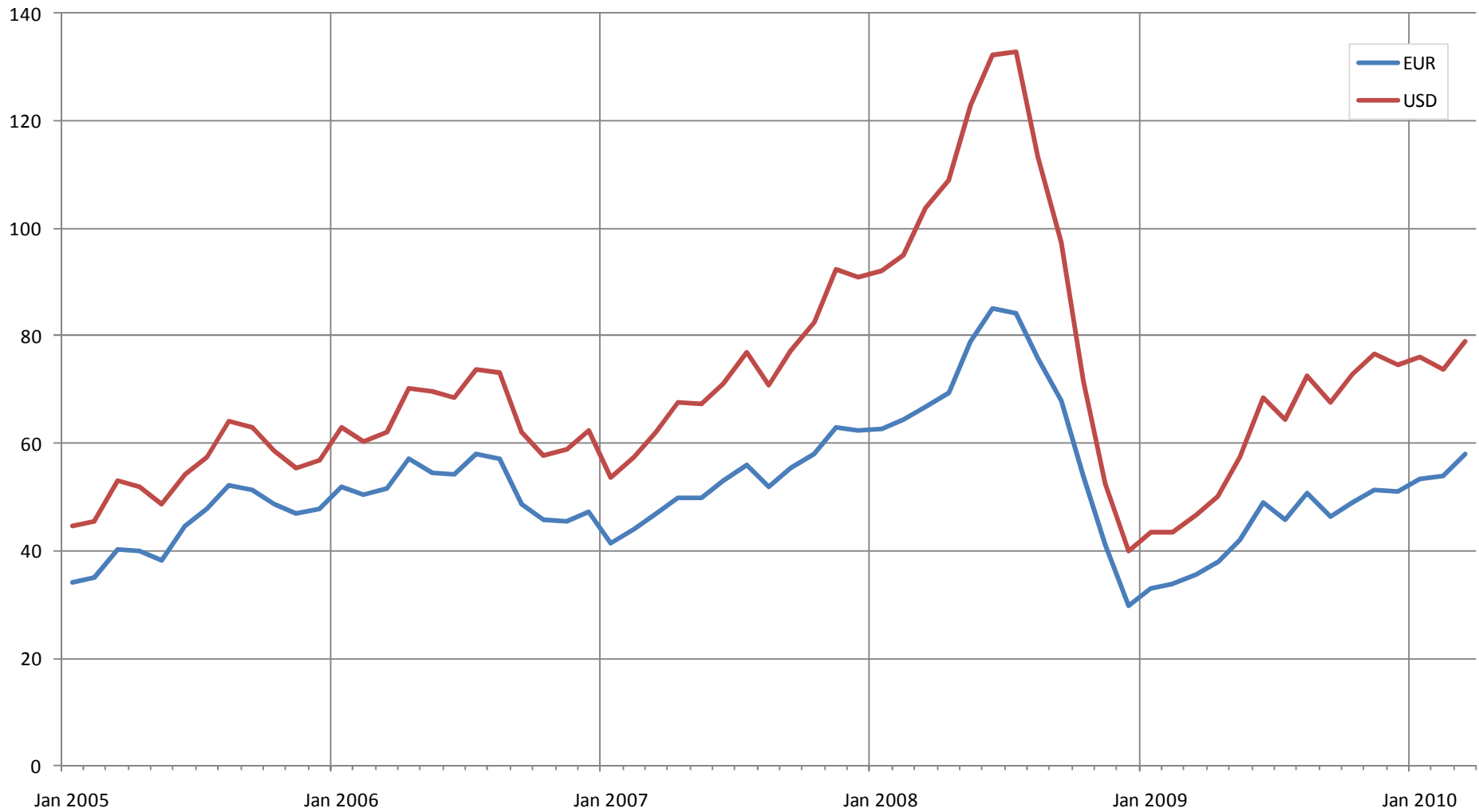
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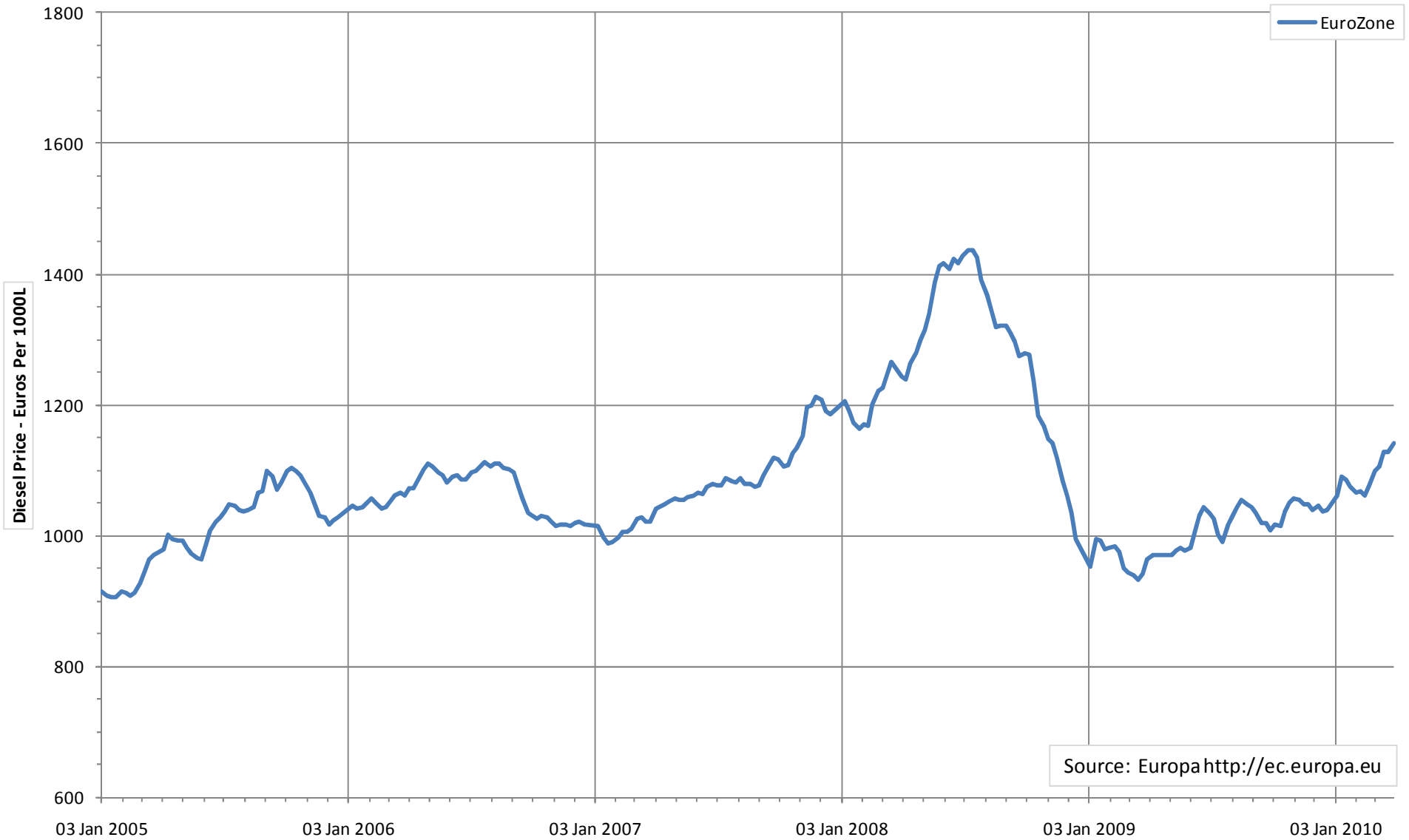
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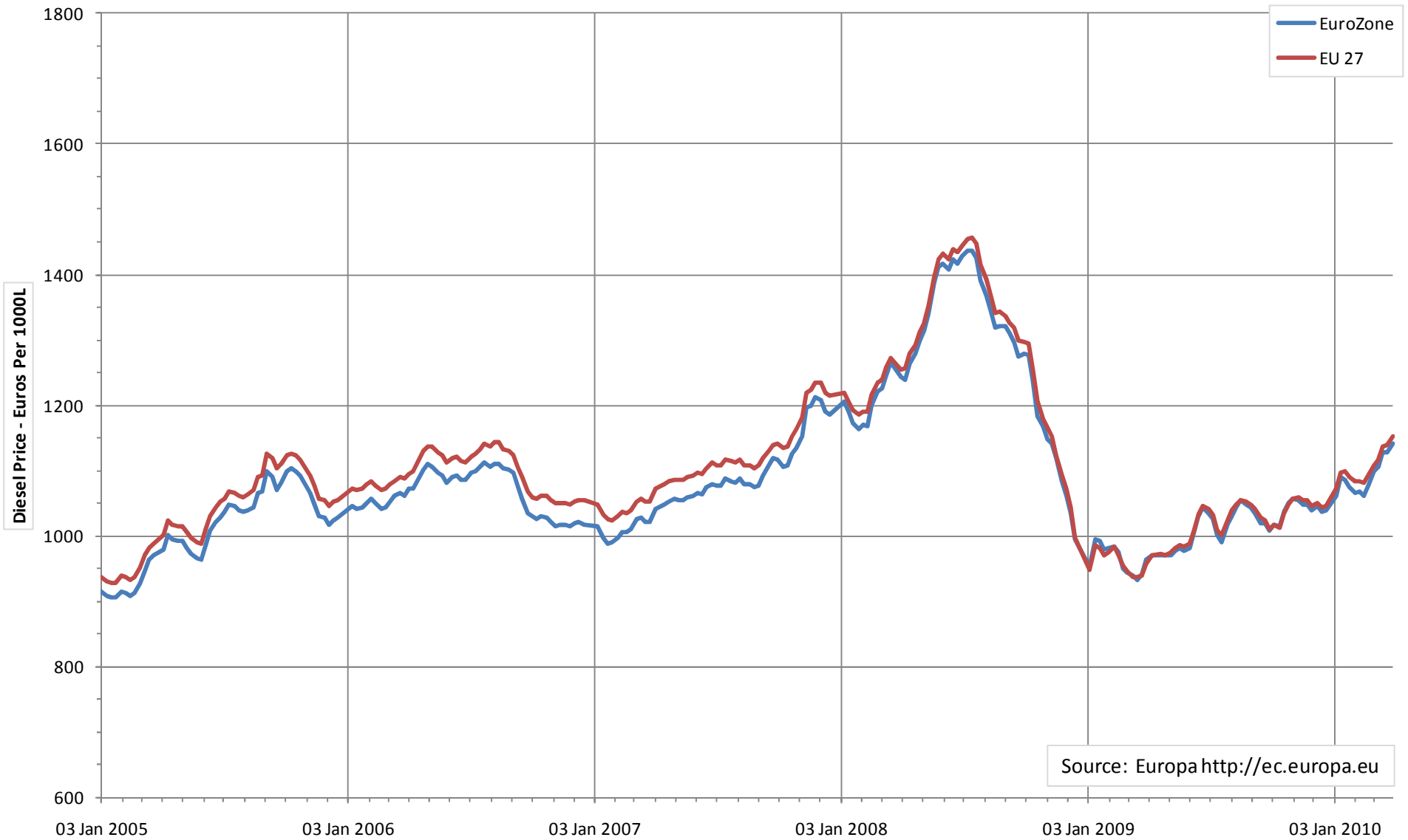
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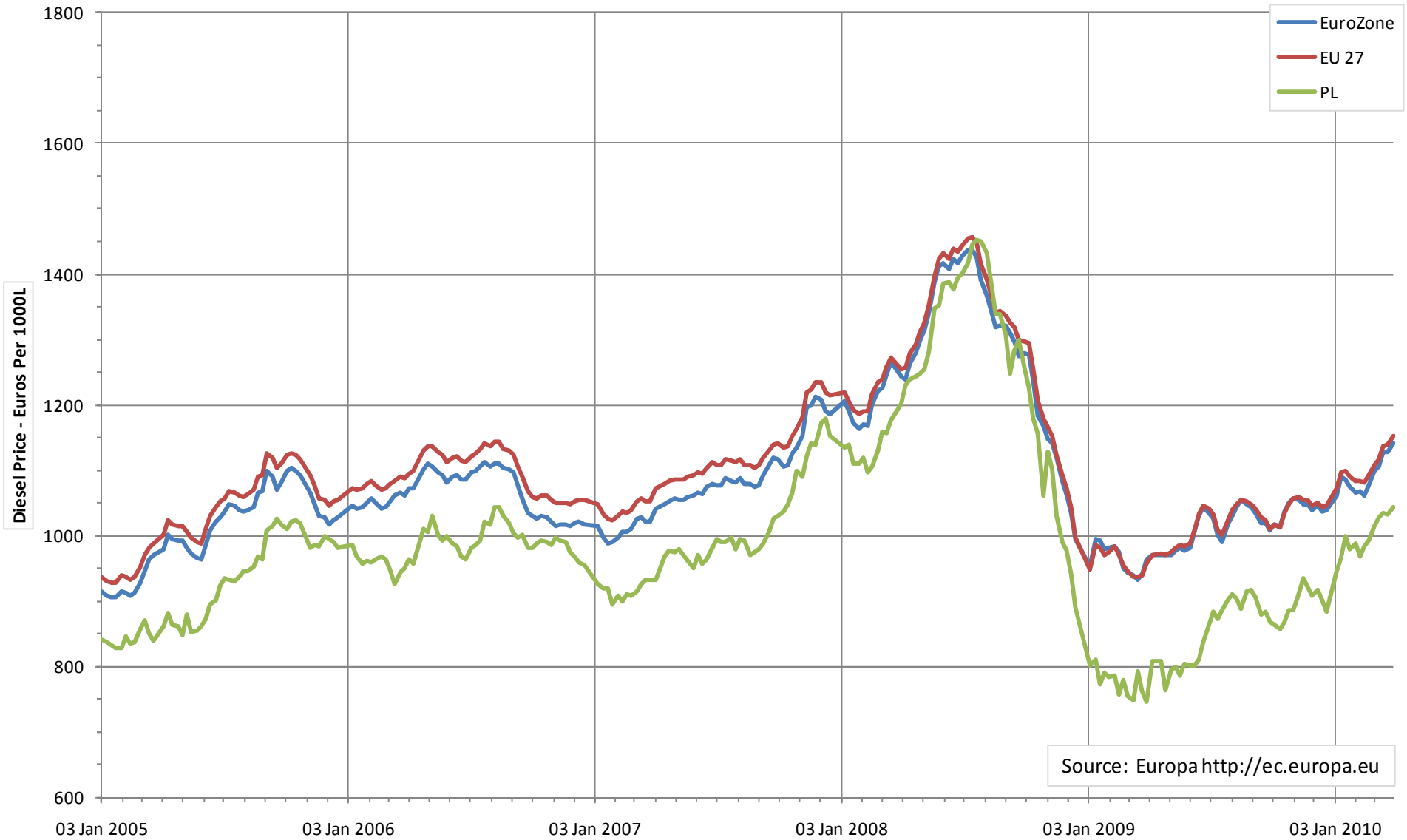
## Diesel Price - Jan 2005 to Mar 2010



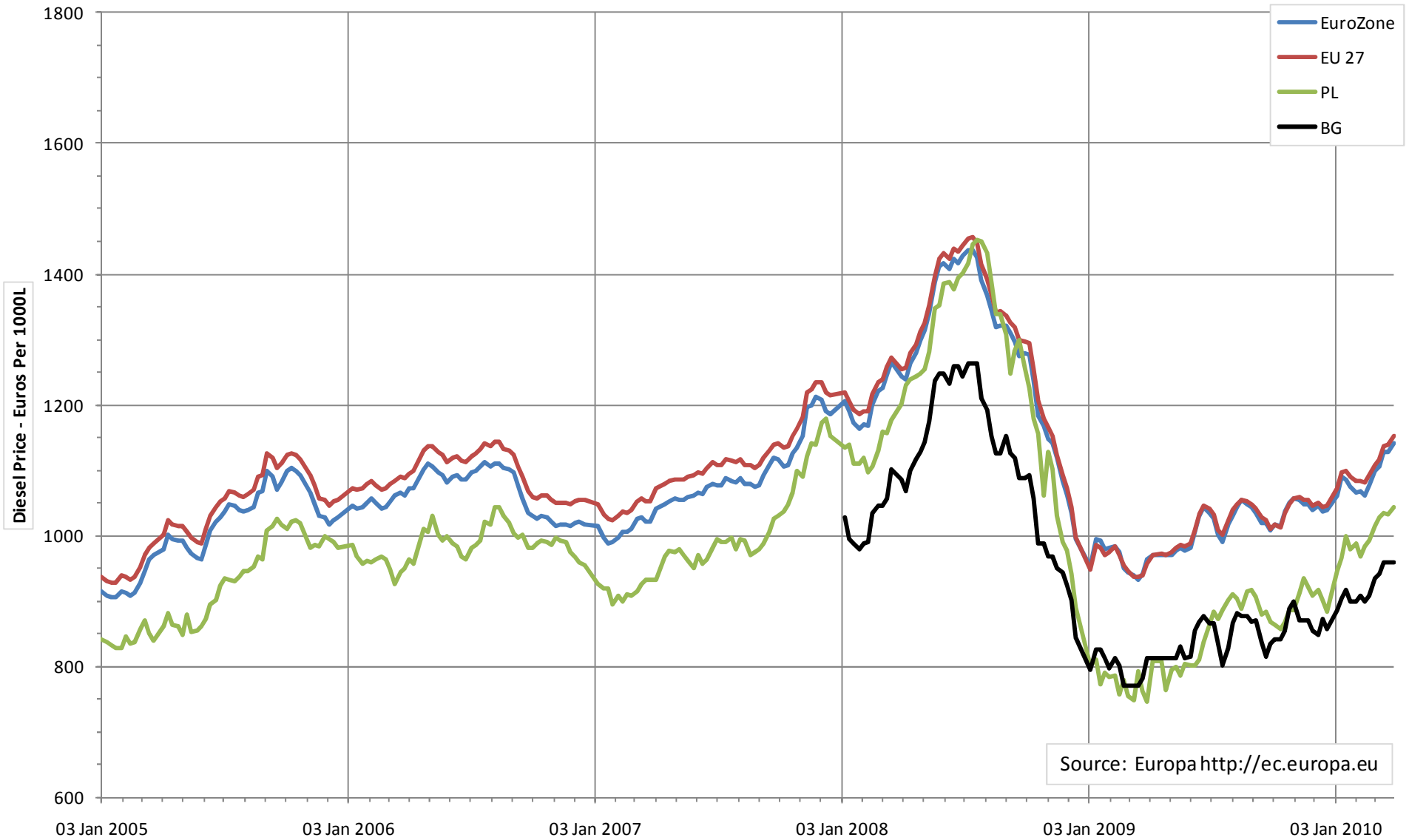
## Diesel Price - Jan 2005 to Mar 2010



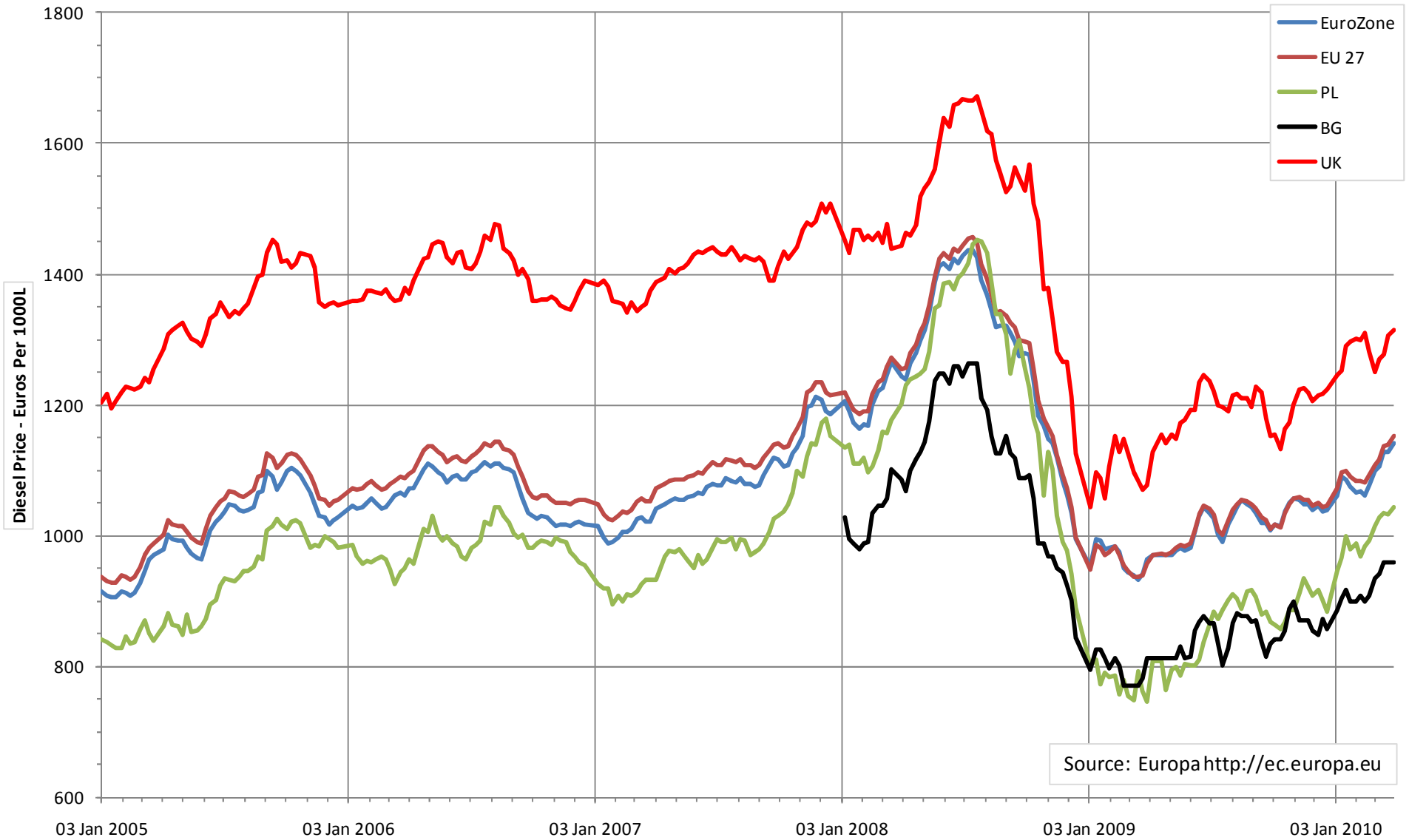
## Diesel Price - Jan 2005 to Mar 2010



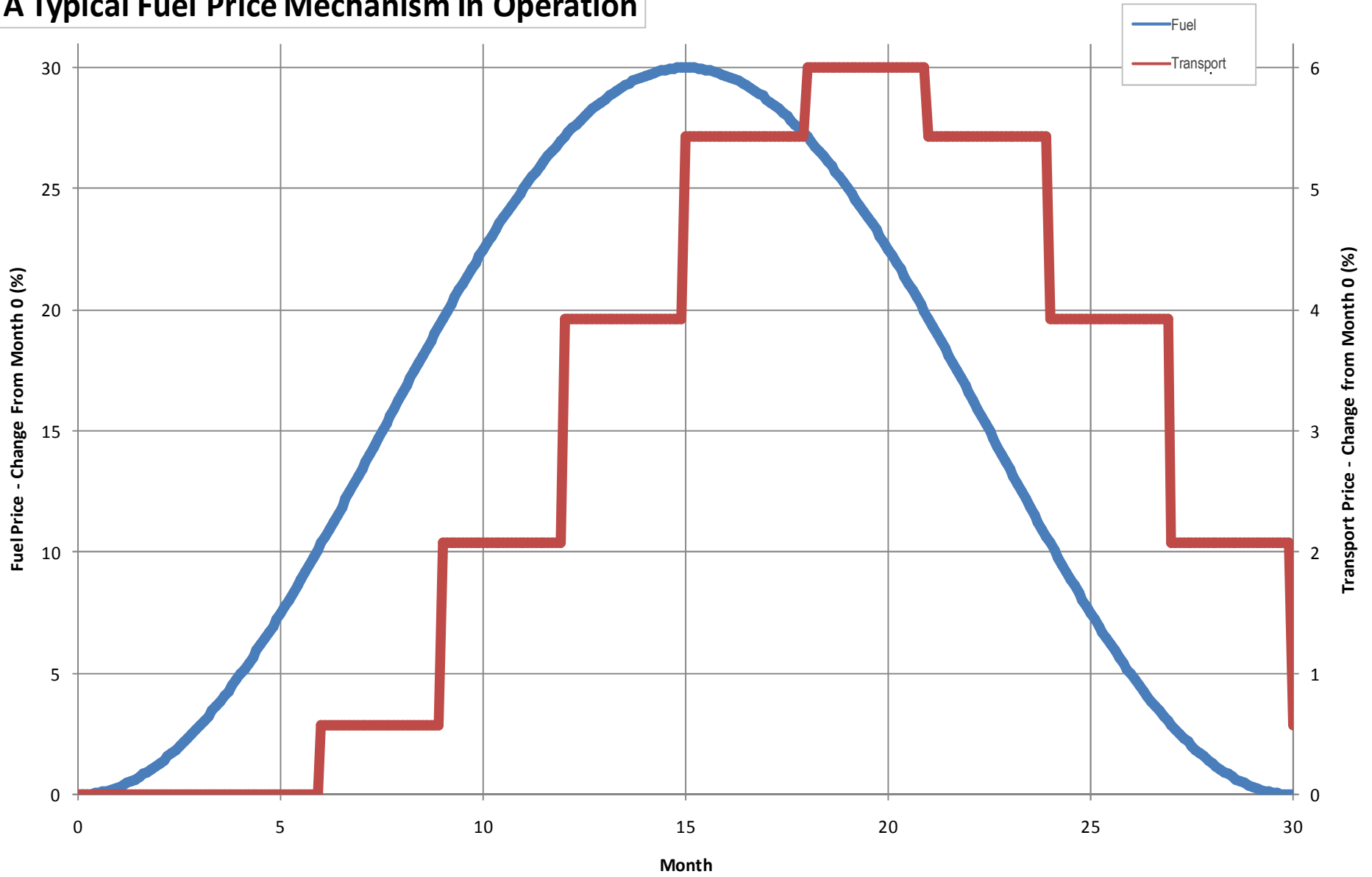
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## Diesel Price - Jan 2005 to Mar 2010

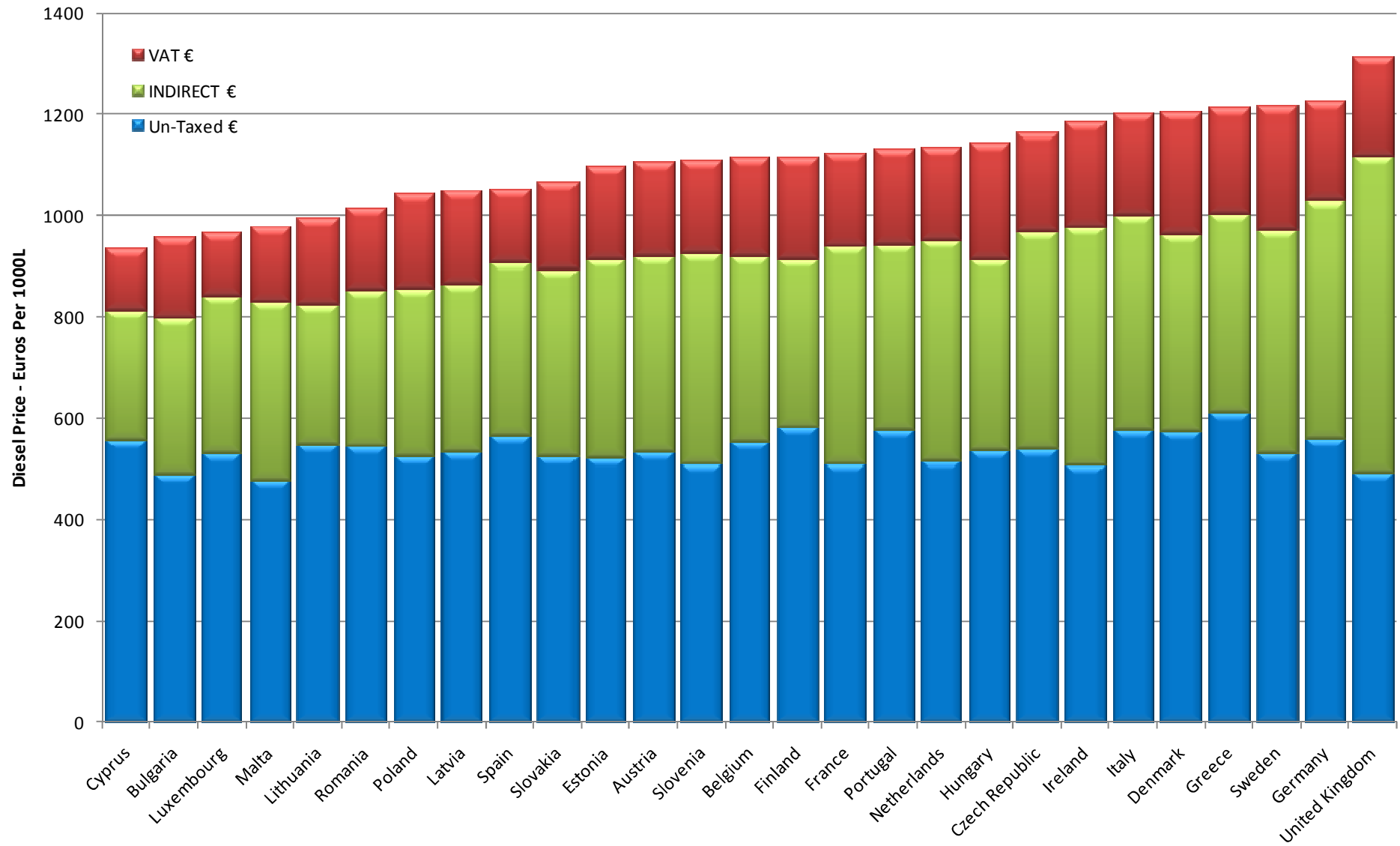


# A Typical Fuel Price Mechanism In Operation



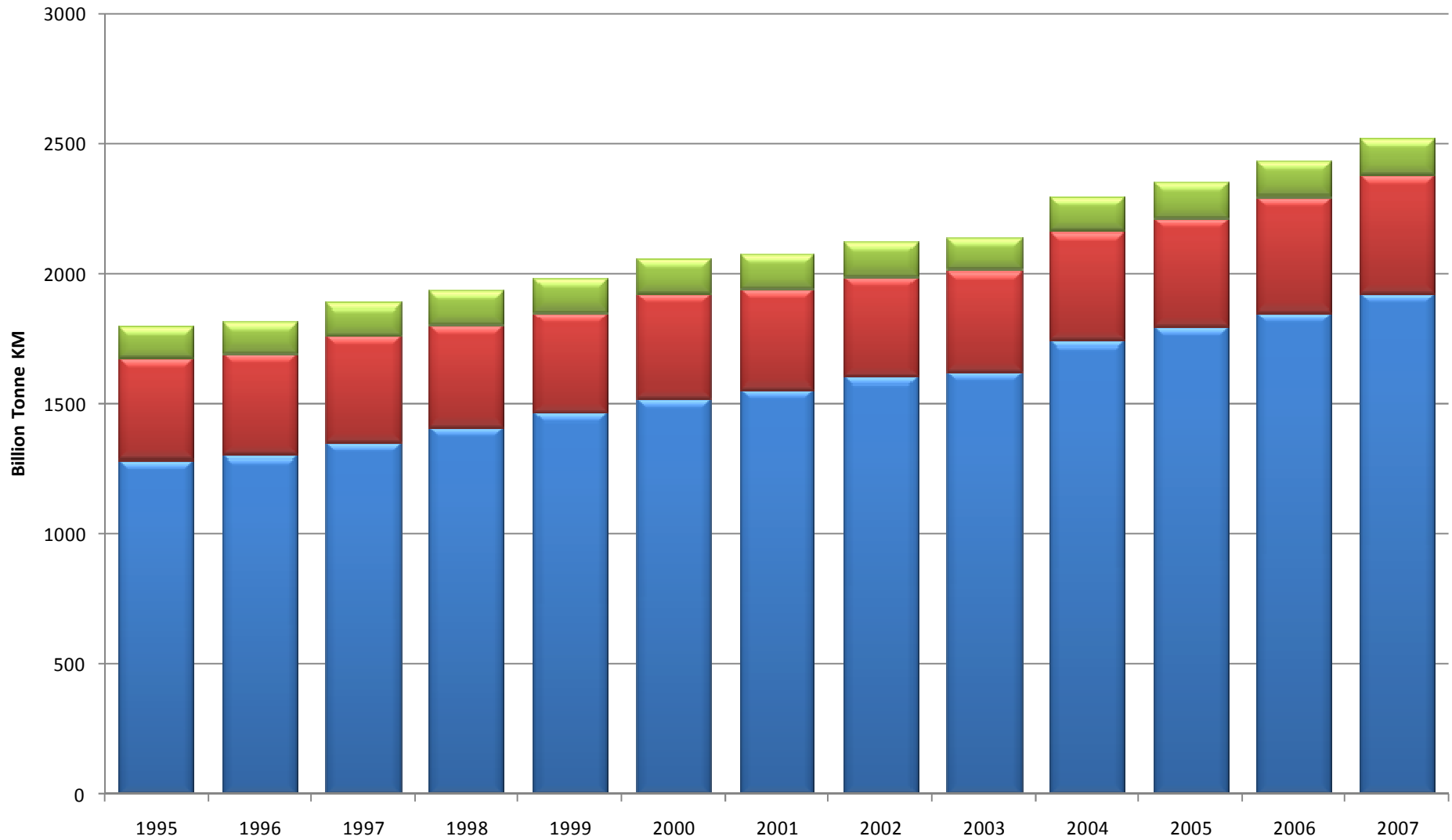
# Diesel Price Breakdown - Mar 2010

Source: Europa <http://ec.europa.eu>



# EU 27 Inland Freight Transport

■ Road ■ Rail ■ Inland Waterways

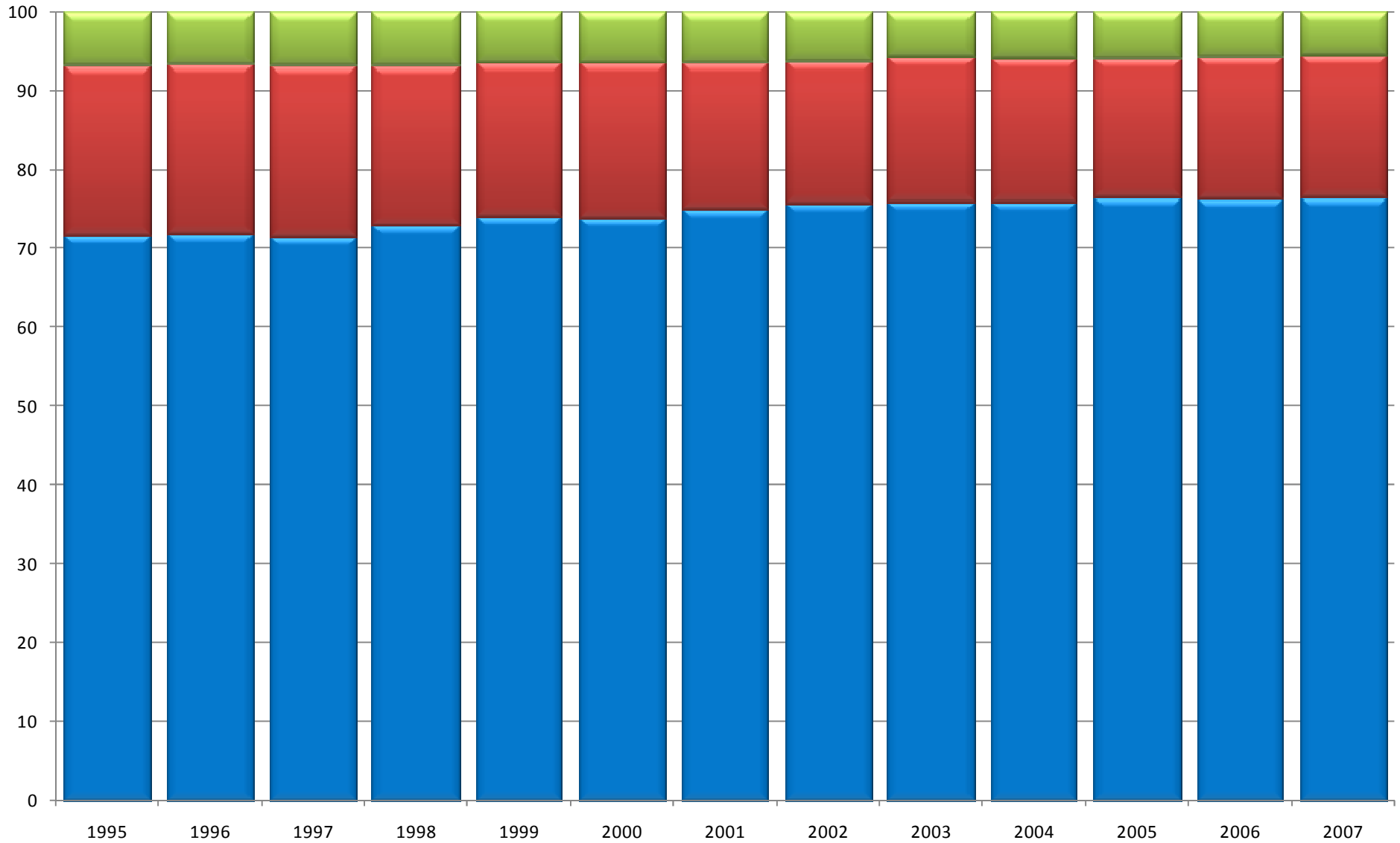


Source: <http://ec.europa.eu>

# EU 27 Inland Freight Transport

■ Road ■ Rail ■ Inland Water- ways

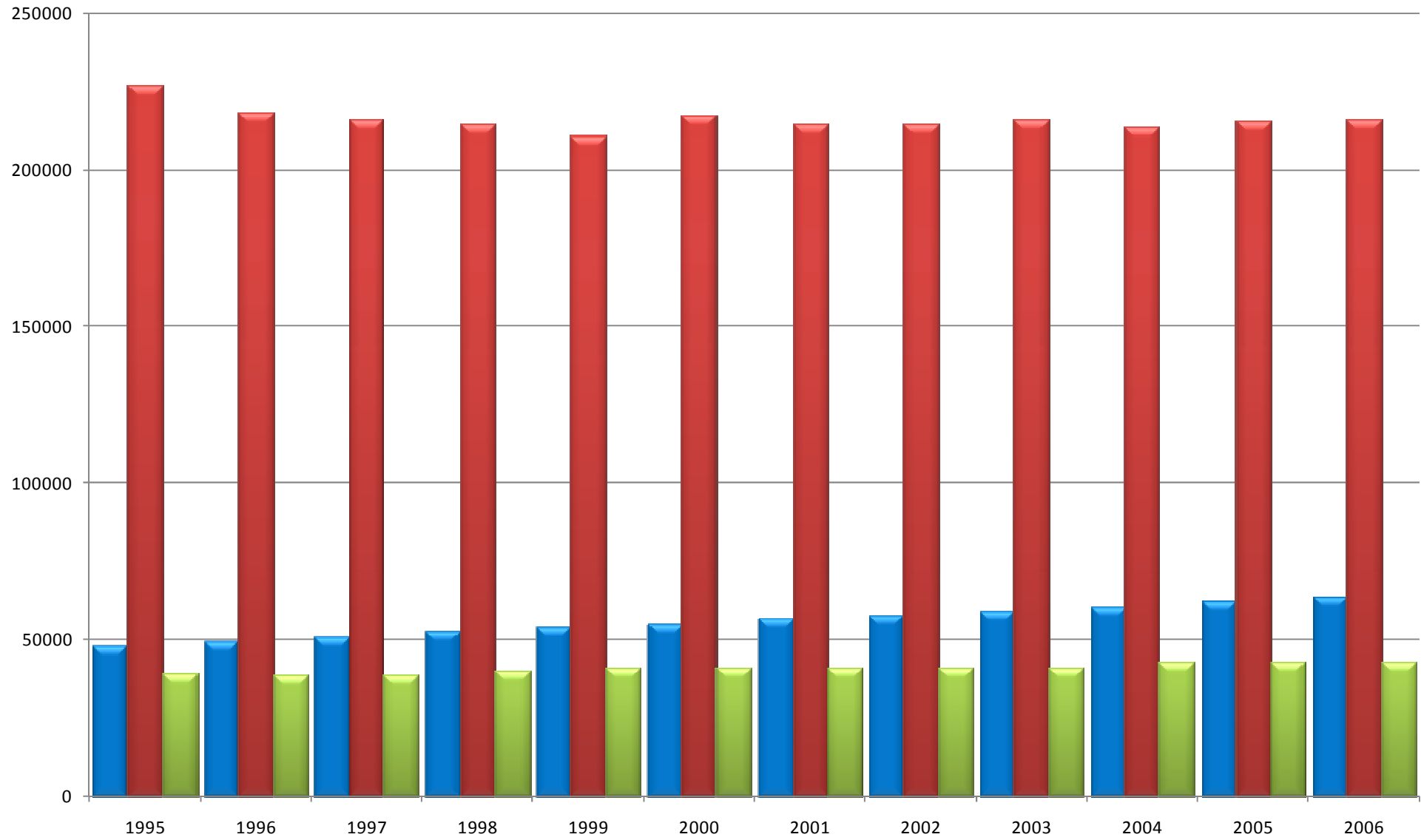
Source: Europa <http://ec.europa.eu>



# EU 27 Transport Infrastructure (KM)

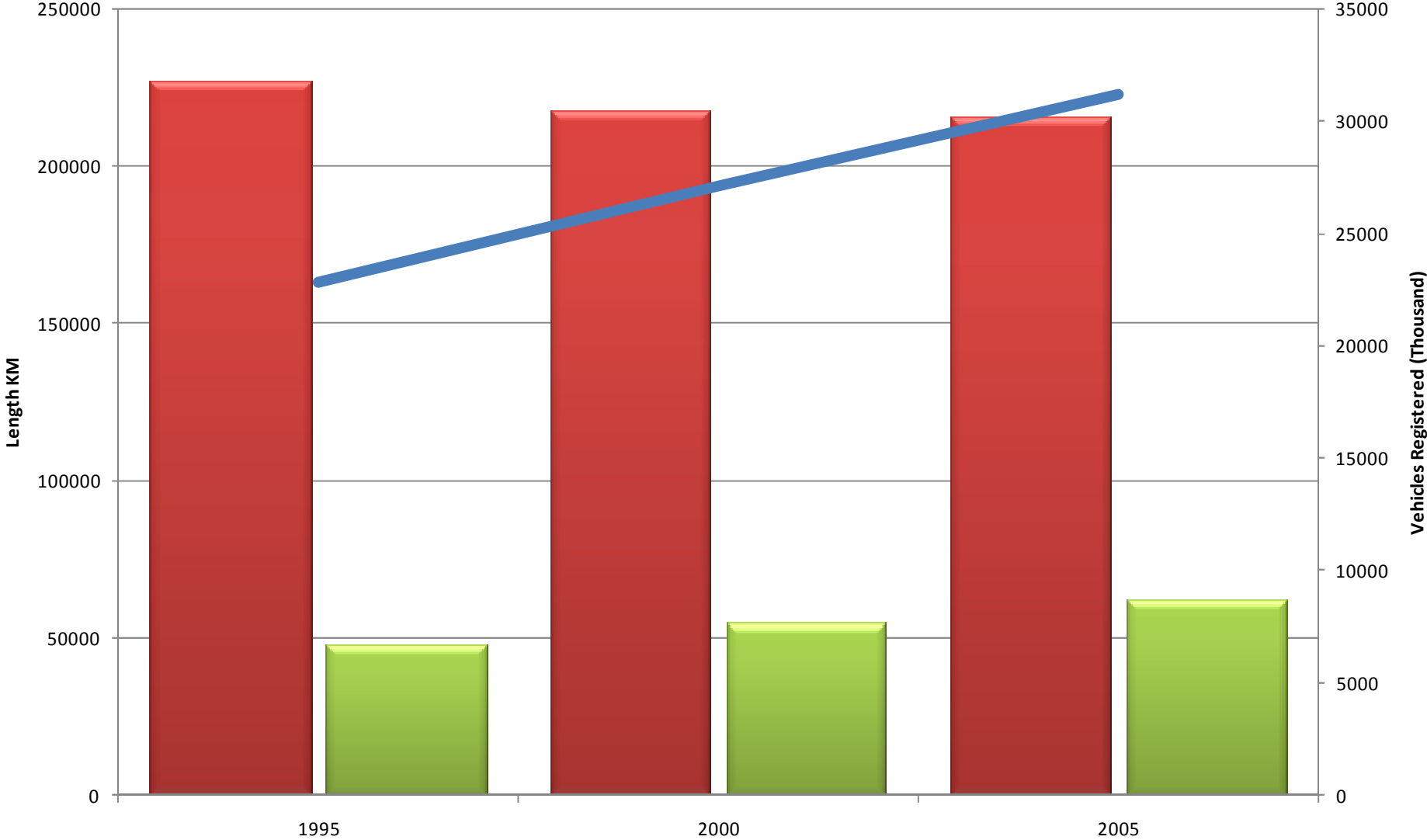
Motorway Rail Inland Waterway

Source: Europa <http://ec.europa.eu>



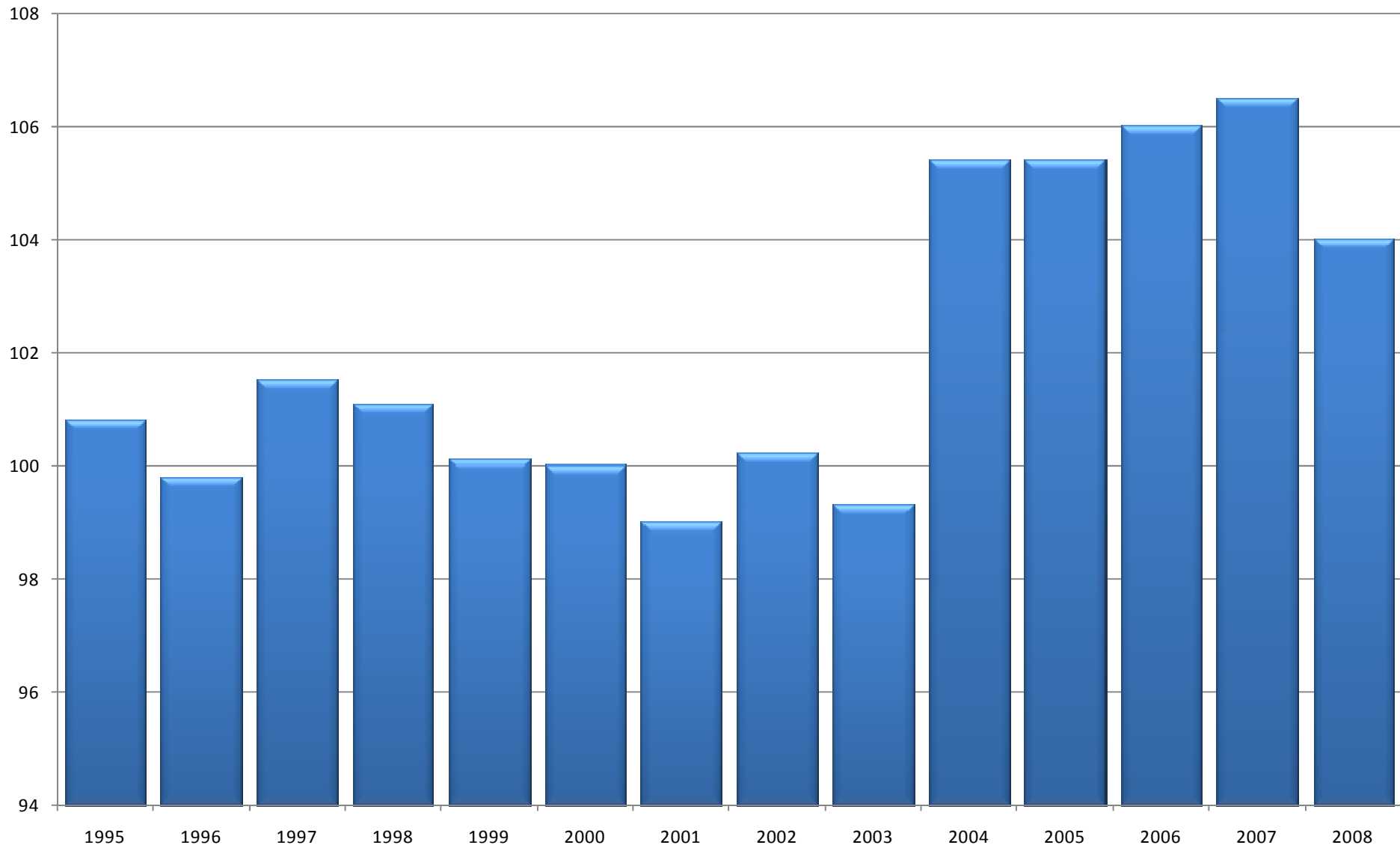
# EU27 Transport Infrastructure

- Railway Length of Line In Use (KM)
- Length of Motorway (KM)
- Goods Vehicles Registered (Thousand)



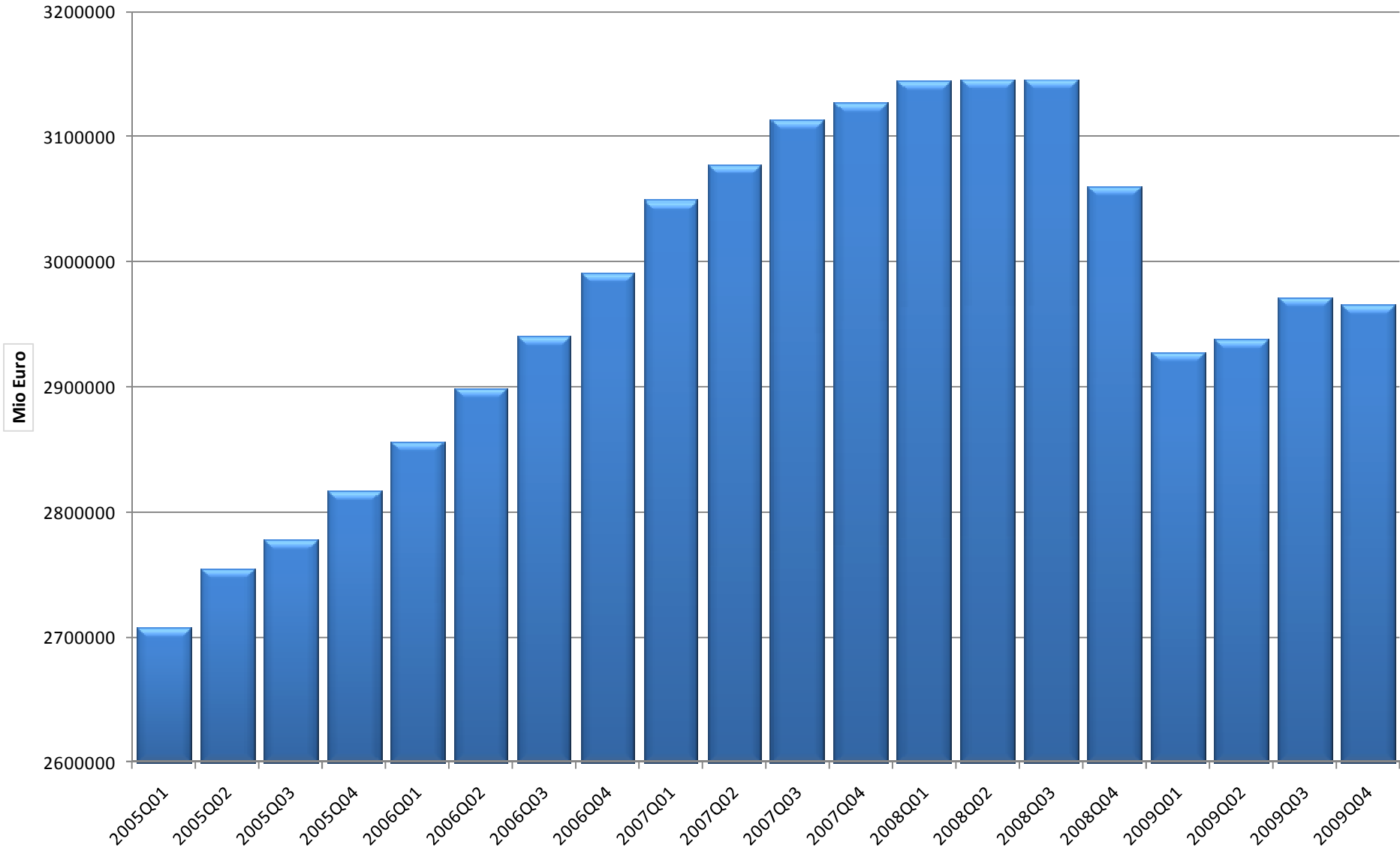
## EU 27 - Index of Inland Freight Transport Relative to GDP (2000=100)

Source: Europa <http://ec.europa.eu>



# EU 27 - GDP At Current Prices

Source: Europa <http://ec.europa.eu>



# Lowest Bid Versus Reserve

Year	Lowest Bid vs. Reserve
2005	-8.9%
2006	-4.2%
June 2007 - March 2008	-9.9%
April 2008 - March 2009	-21.0%
<b>April 2009 - March 2010</b>	<b>-10.0%</b>

2005 – 2006 Freight Traders  
June 2007 – March 2010 Trade Extensions

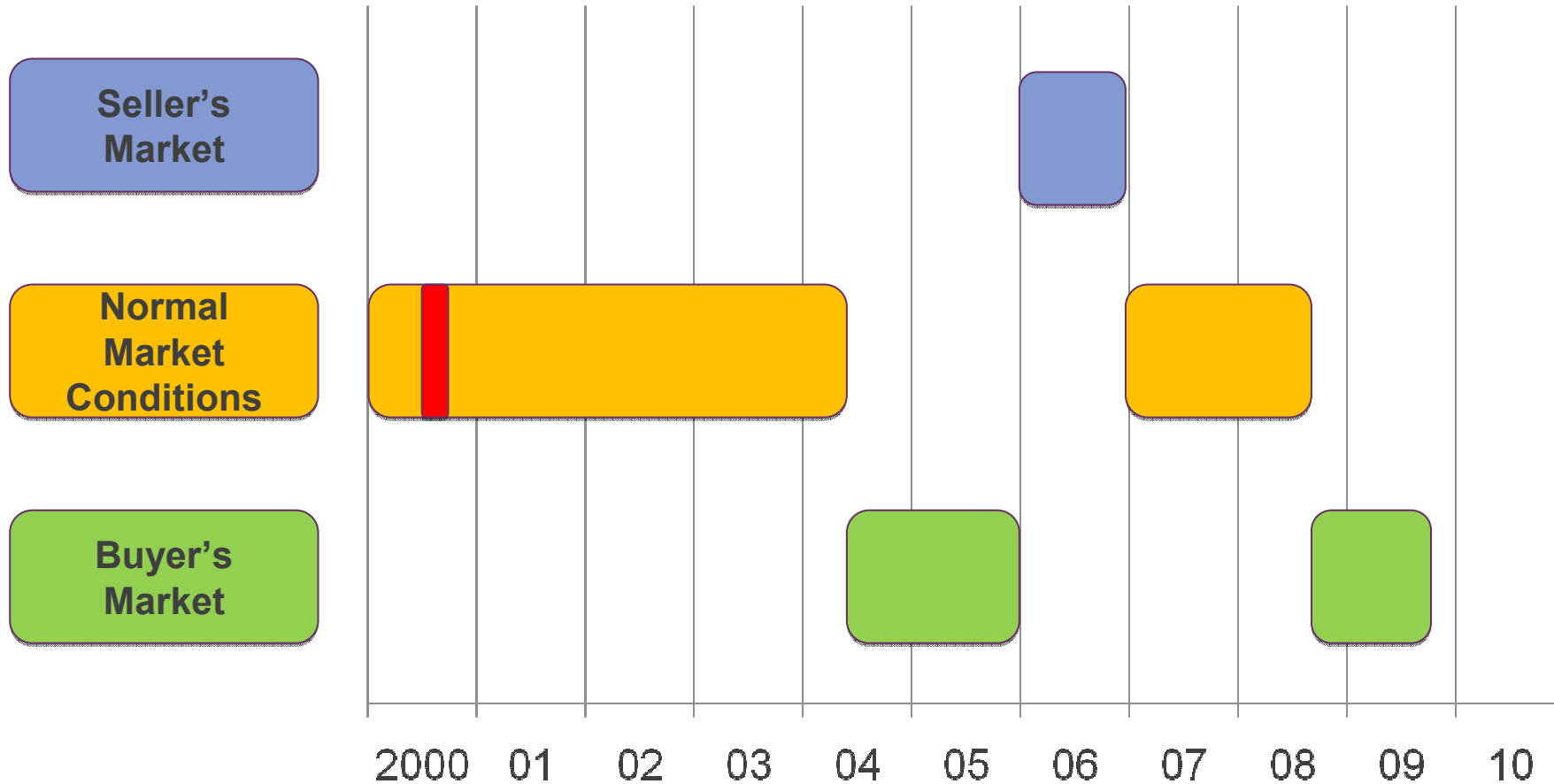
# Trade Extensions

## European Transport Tenders

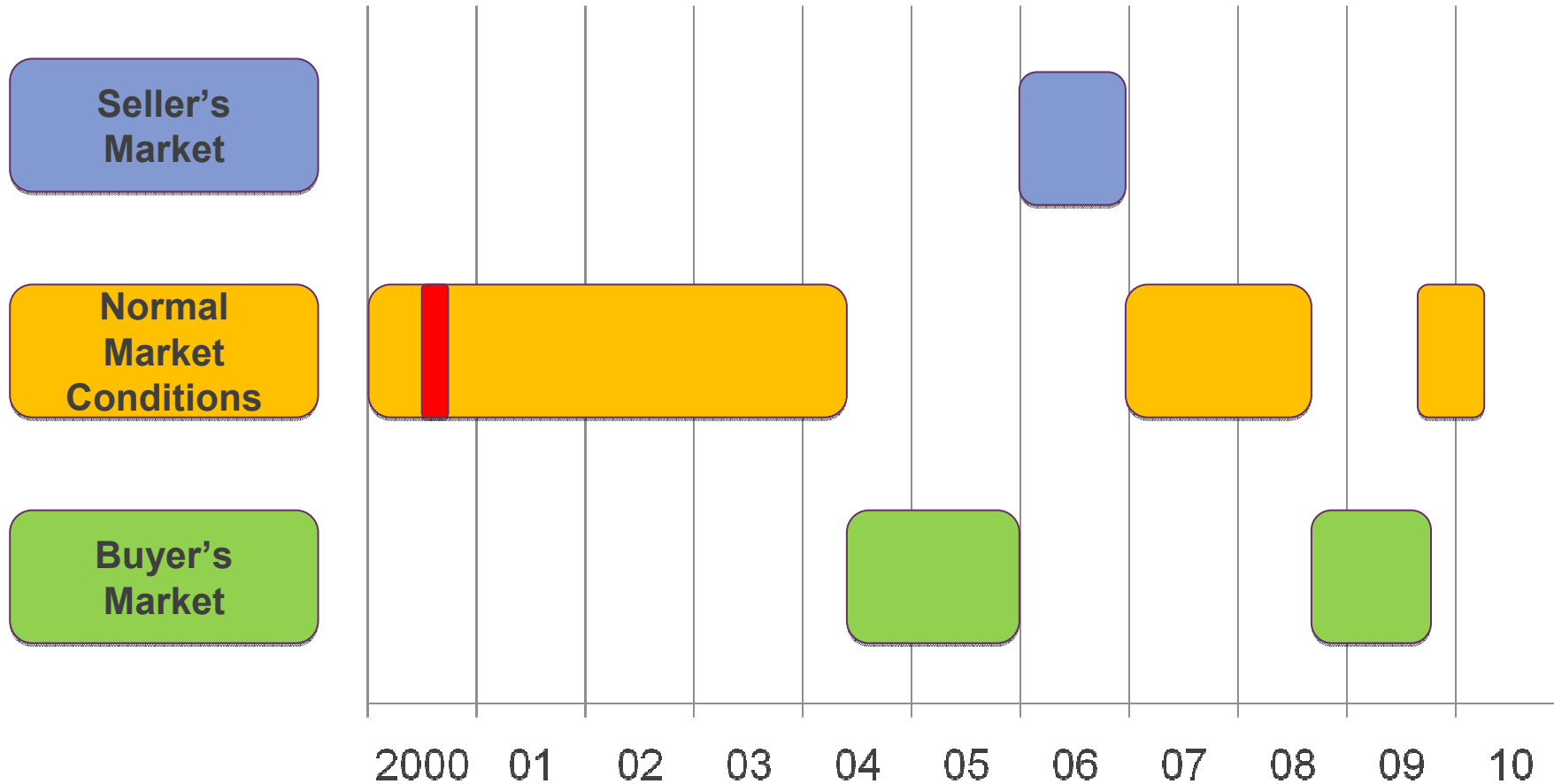
Origin	Destination	June 2007 - March 2008		April 2008 - March 2009		April 2009 - March 2010	
		Lowest Bid vs. Reserve	Bids Per Route	Lowest Bid vs. Reserve	Bids Per Route	Lowest Bid vs. Reserve	Bids Per Route
East	East	-14%	16.7	-26%	37.6	2%	25.8
East	West	-10%	20.9	-16%	48.3	-6%	32.1
West	East	-2%	15.6	-28%	28.8	-17%	36.9
West	West	-10%	10.9	-20%	20.1	-10%	28.6
<b>Total</b>		<b>-10%</b>	<b>12.3</b>	<b>-21%</b>	<b>23.2</b>	<b>-10%</b>	<b>29.0</b>



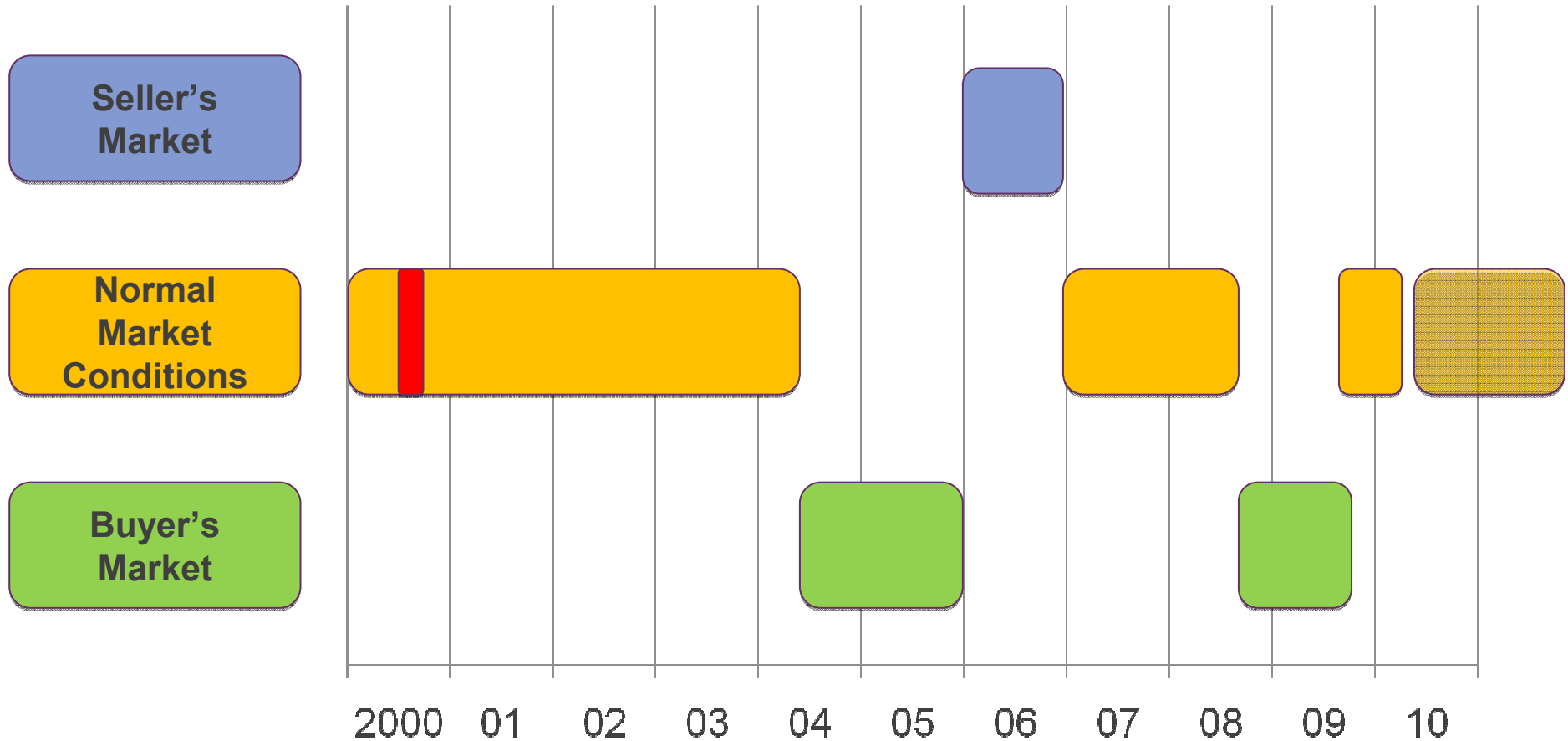
# EU Transport Market 2000-2010



# EU Transport Market 2000-2010



# EU Transport Market 2000-2010



# What Shippers Are Doing

