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IRU COVID-19 call for action to governments

The General Assembly of IRU, the world road transport organisation, representing over 3.5 million companies operating mobility and logistics services, met today during the COVID-19 pandemic and call on governments to take urgent action.

I. ROAD TRANSPORT: ON THE BRINK OF COLLAPSE

1. Governments ignore state of emergency of the road transport industry

Due to the COVID-19 pandemic, the worldwide economy fell into recession in 2020, with an expected decline in real GDP of -5.6% in 2020 vs 2019. As a response, many governments have put in place multi-billion dollar rescue packages. An analysis of governmental measures in 80 countries has however shown that most road transport operators, 80% of which are SMEs, did not benefit from those support measures.

2. Looming wave of bankruptcies

While transport demand declined dramatically, in some sectors by 100%, the most pressing and immediate problem for road transport operators is liquidity. Insolvency indicators in the road transport industry, including free cash flow, revenue growth and fixed asset turnover, indicate an upcoming wave of bankruptcies. The default risk of road transport companies is between nine and ten for all regions around the globe (with one being the lowest risk and ten the highest risk).

3. Airline and railway companies receive bailout

Over 80% of commercial land transport of mobility and logistics services (in tkm and pkm) are provided by the road transport industry. Road transport connects all modes and businesses, and while airline and railway companies have received massive bailouts, road transport operators, with an estimated decline in annual turnover to exceed 1 trillion dollars, have received almost no financial support.

II. WHAT ROAD TRANSPORT NEEDS TO SURVIVE

The global road transport industry calls on governments to urgently:

1. Deploy targeted financial support measures

Given the extent of the liquidity crisis road transport operators are facing, priority needs to be given to:

- direct cash grants for road transport operators; and
- a reduction of taxes and charges for commercial road transport operations

2. Make use of the digital tools that already exist

As a response to the socio-economic impact of COVID-19, the UN Secretary General, António Guterres, calls on all governments to use “innovative tools such as UN eTIR and e-CMR systems and other tools that allow to exchange electronic information

without physical contact and facilitate the flow of goods across borders.” For commercial passenger transport by road, e-ticketing and e-payments are proven solutions which have to be implemented to avoid social contact and thus contain the spread of COVID-19.

3. Coordination needed at global and cross-border level

Rules and restrictions, especially regarding border crossing, change rapidly and their uncoordinated implementation is unacceptable. As the pandemic evolves, it is becoming increasingly difficult to comply with the patchwork of regional and national restrictions. Global and regional harmonisation and coordination of government action is imperative, while prioritising the safety and security of drivers at all times. In addition, all necessary measures need to be taken to further facilitate transit and border crossings during the Covid-19 pandemic.

III. WHAT IS AT RISK?

If no support is provided to the road transport sector:

- Mass insolvency of road transport companies is inevitable.
- The global recession will be more devastating and longer than currently predicted.
- People and essential goods will not be transported to where and when they are needed.
- Economic development and recovery will come to a standstill.

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