



Getting  
connected

Annual Report 2017



**Helping the world get  
where it needs to be**

IRU is the world road  
transport organisation.

We drive the sustainable mobility  
of people and goods across  
the planet, supporting trade,  
economic growth, jobs, safety, the  
environment and communities.

We advocate for change and  
deliver services across more  
than 100 countries worldwide.

Our core constituents are national  
transport associations, but we  
also work with business, the  
United Nations, governments,  
international organisations and  
non-governmental organisations.







# Contents

<b>05</b>	Connecting the world, President's message
<b>06</b>	2017 highlights
<b>08</b>	Advocacy
<b>12</b>	Driving economies
<b>15</b>	The nature of transport
<b>18</b>	Safety first
<b>20</b>	Connecting countries
<b>30</b>	Recognising excellence
<b>32</b>	Financial overview
<b>35</b>	Accelerating change, Secretary General's message



**Christian Labrot**  
**IRU President**

# Connecting the world

New connections, digital and physical, were at the heart of IRU's 2017 journey.

While the political headwinds of protectionism and talk of trade wars dominated headlines, IRU continued to make good progress in 2017. In particular, we expanded the TIR system, facilitating trade corridor development on several continents.

We also made good progress on digitalisation and innovation within and beyond the transport sector, better connecting the operators who move passengers and goods along the world's roads on a daily basis.

IRU's network continued to grow in 2017, with 21 organisations joining our ranks, giving us an increasingly strong voice to help shape the future of our industry and its role in the world.

India joined the TIR family in June, uniting with China and Pakistan in planning implementation of the system. The aim is for the first journeys to be launched in 2018, with carefully managed growth along specific trade corridors. At the same time, we took bold steps to make TIR fully digital in the coming years.

We continued to sharpen IRU's advocacy throughout the year, focusing on a range of issues including decarbonisation, critical driver shortages in most parts of the world, the EU's mobility packages of proposed road transport legislation, and Brexit.

We conducted a wide-ranging analysis of IRU's operations in the first part of the year. That led to the launch of a transformational five-year strategic development project that aims, in part, to help IRU be better connected to industry trends and market needs. Within this project, we established four task forces to improve IRU's training academy, advocacy, passenger transport, and TIR and transit services.

I was greatly honoured with the trust expressed by IRU's membership in unanimously re-electing me as president in November for another two-year term. The challenge which I take on now is to build on the positive results of 2017, and to continue leading the IRU family and the wider industry into the future. ■

**"IRU's continued growth this year has given us an increasingly strong voice to shape the future of our industry."**

– Christian Labrot, President



# Highlights of 2017

IRU's global network charted change in transport and trade

## **STRONG NETWORK, STRONG VOICE**

### **Building networks**

The IRU network grew substantially in 2017, with 21 new members from Africa, the Americas, Asia, Europe and the Middle East.

We also continued to work with a wide range of organisations, including the United Nations, World Bank, World Customs Organization, World Trade Organization, International Transport Forum, League of Arab States, Gulf Cooperation Council, European Union, Eurasian Economic Commission, East African Community, and the Organization of American States.

### **Developing policy**

IRU's view of the EU's mobility packages of proposed legislation is that we need simplification of existing rules, and more targeted enforcement, not new rules. We also need to see the development of a modern and integrated European transport system that operates in a fair, competitive environment.

We welcomed recognition of bus and coach transport as the cleanest, safest and most efficient means of transport, but called for a fairer competitive framework and tailored policies for passenger transport.

IRU joined forces with other EU transport industry associations to ensure that the interests of the industry were clear to the politicians and officials negotiating Brexit.

We were actively involved in the development of the Eurasian Economic Union's new customs code and in updating the Commonwealth of Independent States (CIS) Convention on International Road Transport of Passengers and Baggage.

### **Global influence**

IRU helped draft the World Bank's Global Mobility Report, as part of the multi-partner Sustainable Development for All initiative. This put the spotlight on trade and transport facilitation through the implementation of tried and tested UN Conventions.

We also played a key role in developing a new set of guidelines,

issued by the World Customs Organization, highlighting the important role of transit systems, particularly TIR, in cutting trade and transport costs.

### **New publications**

We released several new publications, including a report on trade facilitation and TIR in India, Bangladesh, Bhutan and Nepal; the Commercial Vehicle of the Future report on the decarbonisation of commercial road transport; and a major study with ITF, representing transport ministries, on the long-term transition to driverless trucks.

## **LINKING TRADE AND TRANSIT**

### **TIR on the move**

India ratified the TIR convention in June 2017. Movement towards TIR ascension continued in other regions, including Africa, the Americas and the Middle East.

We signed a landmark agreement with the UN on TIR digitalisation, the culmination of many years of work. It commits IRU and the UN to work together with TIR countries to make a fully digital TIR come to life.

New TIR family members want to be fully digital from the outset. This applies particularly to China, India and Pakistan, who collectively represent 40% of the world's population.

#### **e-CMR growth**

Iran, Luxembourg, Russia and Slovenia were the latest countries to ratify the electronic consignment note (e-CMR) protocol. Interest also continued to build in other countries in Europe and Eurasia.

Greece launched an e-CMR pilot with three neighbouring countries. Their commitment was demonstrated by the Hellenic Federation of Road Transport and the Greek Deputy Transport Minister presenting e-CMR at the United Nations in New York.

Endorsing the digitalisation of road transport services, the United Nations Economic Commission for Europe (UNECE) adopted a resolution highlighting the importance of e-CMR in facilitating emerging innovations such as autonomous vehicles.

The Eurasian Intergovernmental Council's Roadmap for a Coordinated Transport Policy included IRU measures to facilitate accession to e-CMR, professionalisation through global standards and certification, and the harmonisation of international passenger road transport.

#### **CONNECTING CORRIDORS**

##### **IRU's global strategy**

2017 marked the convergence of IRU's global strategy to integrate TIR into major international

trade corridors. The local impetus to operationalise, digitalise and optimise the system from the ground up has been essential.

##### **China to Europe**

IRU ran a successful awareness campaign on the role of TIR and its potential to reduce transit time by as much as 80% and increase total exports by up to USD 7.86 billion. IRU interviews on Chinese state television received 130 million views, reflecting an impressive national public awareness of TIR and of IRU.

##### **Turkey to Iran to Pakistan**

The Istanbul-Tehran-Islamabad corridor saw Turkey and Iran trailblazing digital transport. It put a spotlight on speedy TIR implementation in Pakistan, with a view to establishing a fully digital, intermodal corridor.

##### **India to Russia**

India's accession to TIR highlighted the potential of the International North-South Transport Corridor (INSTC), a 7,200km multimodal network for moving freight between India, Iran, Afghanistan, Armenia, Azerbaijan, Russia, Central Asia and Europe. Its principal axis involves transport between India, Iran, Azerbaijan and Russia. The other corridors are sub-regional ones connecting Bangladesh, Bhutan, India and Nepal (BBIN).

##### **Across the Gulf**

In the Gulf region, the UAE became TIR-operational. Iraq, Kuwait, Oman, Qatar and Saudi Arabia also all made major advances in 2017 towards acceding to the TIR Convention. ■

# 80%

**POTENTIAL REDUCTION  
IN TRANSIT TIME WITH  
USE OF TIR IN CHINA**

# 21

**NEW MEMBERS  
IN 2017**

# 150-200 million

**CMR NOTES USED  
ANNUALLY IN EUROPE: HUGE  
POTENTIAL FOR E-CMR**

# 5 DAY

**TIME SAVING ON  
FIRST INTERMODAL  
OPERATION  
INCLUDING ROAD,  
MARITIME AND RAIL**





**Road transport** plays a key role in supporting economies, jobs, the environment and communities. Despite a year of political surprises, we worked hard to ensure that both the achievements and the future needs of road transport took centre stage.

IRU has advocated at global, regional and national levels. We set out objectives at the legislative and regulatory table, and worked from the ground up to give transport businesses the tools to succeed.

Our work connected governments, public authorities and the private sector, ensuring everyone was part of the dialogue. IRU worked with strategic partners on studies and reports, which provided the industry with the knowledge to plan for the future and remain competitive. We also ensured road transport is recognised for its ability to advance global sustainability.



IRU's advocacy efforts in 2017 led global and regional debate on transport issues.

# Advocacy

## **United with the UN**

A healthy road transport ecosystem is critical to achieving most of the UN's Sustainable Development Goals. IRU therefore worked closely with the UN and other international agencies to highlight the pivotal role of transport tools such as TIR and e-CMR.

The road transport policies being developed thanks to this close collaboration aim to facilitate prosperity, boost trade, address environmental challenges and save lives.

## **Digital deal**

Building on 70 years of successful collaboration, IRU and UNECE signed two new agreements in 2017 on the digitalisation of customs transit procedures under the TIR Convention.

One agreement detailed new, digital TIR pilot projects and established a series of annual action plans. The second agreement focused on financing TIR digitalisation activities through a public-private partnership.

In parallel, the UN reaffirmed its commitment to e-CMR, endorsing the digitalisation of road transport services.

## **Land-locked to land-linked**

The role of road transport in helping landlocked developing countries become land-linked was highlighted at the Economic and Social Council forum event on transport, held at the UN headquarters in New York.

IRU signed a new partnership agreement on sustainable transport and trade facilitation with the UN Office for least developed countries, landlocked developing countries and small island developing states.

**"IRU's important role in promoting best practice and improving road safety was acknowledged in 2017 in a new UN resolution."**

– Umberto de Pretto,  
Secretary General



### Raising the voice of road transport

IRU outlined a vision for the sustainable growth and expansion of road transport in numerous forums in 2017, including the UNECE's working party on transport trends and economics and a high-level panel at the UN's annual climate change conference in Bonn.

During the Intelligent Transport Systems Congress in June 2017, IRU spoke about the latest innovation projects and activities in logistics digitalisation, smart road safety and on-demand personal mobility. Among the innovations presented, IRU demonstrated the trucking emergency call system eCall, the result of its EU-supported project I\_HeERO.

### Sustainable development for all

IRU helped draft the World Bank's Global Mobility Report, as a member of the Efficiency Working Group of the Sustainable Development for All initiative, focusing on efficiency and universal access.

### Driverless trucking and jobs

IRU also helped lead a study on the impact of automated road freight on driver jobs. It called on governments to consider how best to manage the transition to driverless trucks to avoid potential social disruption.

The report was published by the International Transport Forum, with the European Automobile Manufacturers' Association, the International Transport Workers' Federation and IRU.

### TIR's added value

IRU played a key role in developing a new set of guidelines, issued by the World Customs Organization (WCO), highlighting the important role of transit systems, particularly TIR, in significantly cutting trade and transport costs.

We also showcased the benefits of TIR at the WCO global transit conference in 2017. IRU was part of a panel on the challenges and solutions for efficient transit, encouraging the global deployment of TIR as a tried and tested transit system.

On a more local level, IRU was involved in WCO transit workshops in Cote d'Ivoire, Bolivia and Zambia. This strengthened ties between the customs and road transport communities and fed into the development of the guidelines.

### European debate

The EU's Mobility Packages have proposed new legislation to address issues including rules for the posting of workers, driving and rest time regulations, road charging, heavy duty vehicle CO<sub>2</sub> emissions, combined transport, and profession and market access rules.

IRU's firm position has been that the current rules need to be simplified and better enforced. We also wanted the new proposals to support the further development of a modern and integrated European transport system that operates in a fair, competitive environment.

We issued a position paper and *Policy Observations on the Revision of the EU Road Transport Legislative Framework*. We also worked throughout the year, with members, as a broker in the ongoing discussions on behalf of thousands of transport operators in the EU.

IRU also warned that the proposal to modernise an outdated combined transport directive failed to consider the need for an overall improvement to the intermodal freight transport and logistics network. Instead, it focused too strongly on forcing freight off roads and transferring it to other modes of transport.



IRU and UNECE signed a 'digital deal'





Automated trucks could reduce the demand for drivers by **50-70%** in the US and Europe **by 2030** with up to **4.4 million** professional trucking jobs becoming redundant.



#### **Bus and coach in the spotlight**

The European bus and coach sector is made up of more than 300,000 companies, directly employing more than two million people. Indirectly, the industry supports millions more jobs and provides services to many other industries.

In October 2017, IRU and Busworld Europe launched a campaign positioning coach transport as a 'people' business: delivered by people to people, connecting people. The joint campaign targeted the EU's proposed mobility packages.

The EU's second Mobility Package recognised bus and coach transport as the cleanest and most efficient means of transport.

IRU however, still called for a fairer competitive framework for passenger transport, road freight and logistics markets. The rules need to be simpler, clearer and more aligned across EU member states, with checks being more targeted and intelligence-led. ■

**"We want to see weekly rest periods in the EU Mobility Package adapted to the needs of our business."**

– Jos Sales, Vice President

# Driving economies

IRU championed investment in people and fair standards in 2017.

Market forces alone cannot be relied upon to create a level playing field. IRU worked throughout 2017 to balance social acceptability with liberalisation and free trade.

This played out in our efforts to professionalise the industry, harmonise customs processes, improve worker conditions and prevent discrimination against transport modes when it comes to taxation and regulations.

IRU lobbied for a level playing field in Europe, helping transport operators run efficient and profitable companies, at the same time as protecting wages and social conditions.

#### **Brexit: act before it is too late**

IRU, together with Europe's other leading transport and business organisations, was at the forefront of raising road industry concerns in the Brexit negotiations.

IRU has been very clear that the possibility of the UK leaving the EU without a comprehensive deal would be the worst possible outcome for the road transport industry, with serious knock-on effects for the economies of both the UK and remaining EU members.

Key issues included customs facilitation tools such as TIR, customs procedures and duties, border crossing infrastructure, mutual recognition of documents and training, and weights and dimensions of vehicles.

IRU's Brexit Task Force brought together members' expertise and worked on concrete solutions. We published a position paper that focused on various post-Brexit customs and market access scenarios and provided recommendations for each situation.

#### **Same service, same rules**

IRU welcomed the European Court of Justice's ground-breaking decision clarifying that commercial transport intermediaries – Uber in this case – are not passive online intermediaries. Instead, they fall within the field of transport and must comply with the appropriate regulations.

The decision followed IRU's longstanding position, strongly advocated for several years, that providers of the same transport service should be subject to the same rules.

**“Road transport cannot become an afterthought in Brexit negotiations.”**

– Daniel Kern, Senior Manager, Goods Transport





### **Efficient trucking for growth**

IRU and the World Bank published the first ever guide to improve quality and competition, based on practical examples of regulatory reform in other countries. The guide targets governments and policy-makers in emerging and developing economies, where mobility of cargo is almost entirely dependent on the road transport sector.

From evaluating existing systems to implementing change, the guide shows governments how to analyse data, identify focus areas and how to structure a detailed action plan.

We launched the guide at the Africa Transport Policy Program's annual meeting in Marrakesh.

IRU showed its utility in promoting safe, reliable and cost-effective transport, and ultimately how reform of national transport services can boost development, sustainability and economic growth.

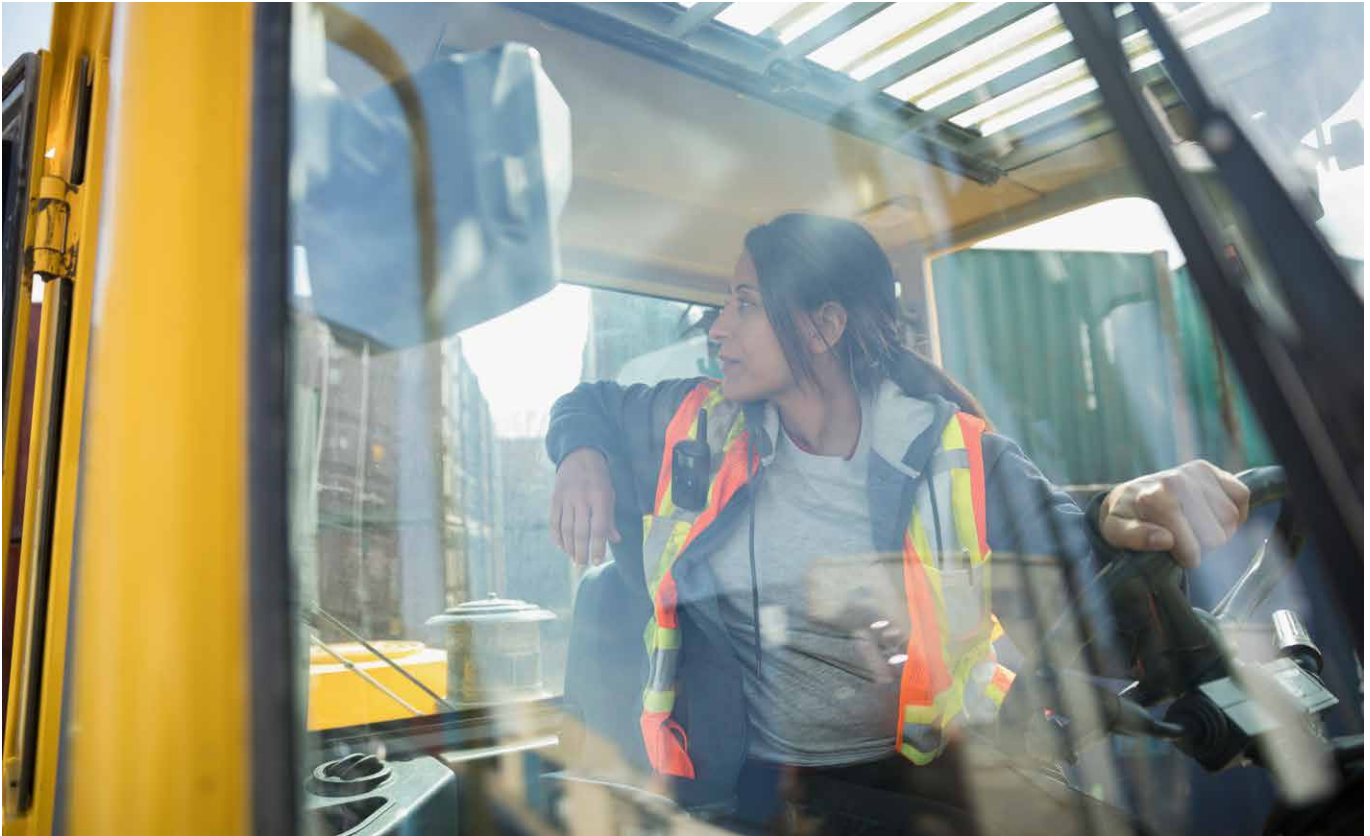
### **Professionalising pays**

A World Bank report stressed the short supply in qualified labour across logistics chains in both developed and developing countries. Highlighting best practice, the report pointed to the IRU Academy's training programmes and train-the-trainer modules. The report recommends that these capacity-building standards be deployed more widely to address this growing issue.

**“Professionalising road transport operations, improves safety, sustainability, resilience and competition.”**

– Patrick Philipp, Associate Director IRU Academy





### **Drive well, rest securely**

The EU's driving and rest-time rules for commercial drivers was one of the areas addressed by EU proposals for new regulations in its mobility packages.

IRU organised multiple events for members to meet with European Parliament representatives. The discussions focused on the proposed ban on drivers taking their weekly rest in cabins, the need for secure and comfortable commercial vehicle parking, and the "return home" clause.

We also discussed the need for a different approach to coach tourism, highlighting the different rules that apply to coach services and freight operations.

### **Mind the gender gap**

Women comprise only 22% of those employed by the transport industry and only 14% in road transport in the European Union.

IRU and the Women in Transport EU Platform for Change signed a joint declaration to redress this gender imbalance and encourage more women to become professional drivers. ■

**"We need to develop more safe and secure parking areas that comply with well-defined standards across Europe's core road transport network."**

– Matthias Maedge, General Delegate for the EU



**IRU's General Assembly meeting**



# The nature of transport

IRU led industry efforts in 2017 on stepping up to environmental and social challenges.

## Autonomous impact

The year saw rapid development in autonomous technology and electric vehicles. IRU strongly encouraged these innovations, but we also highlighted the long transition periods and the need to consider the complexities of the many types of commercial road transport services.

IRU focused attention on the transition to autonomous trucks at the International Transport Forum (ITF) 2017 summit in Leipzig. The summit kicked off with the launch of a major report on managing the transition, published by IRU and ITF, ACEA, the European Automobile Manufacturers Association, and the International Transport Workers Federation.

## Looking forward

IRU also published a series of key industry reports in 2017 offering a unique forward-looking vision on the future of commercial transport. *The Commercial Vehicle of the Future* report, for example, argued that measures to decarbonise

road freight transport could provide new opportunities to further improve road safety and operational efficiency.

*Infrastructure and External Cost Coverage of Road Freight Transport on EU28 Motorways*, a report issued by IRU and the environmental research agency, CE Delft, showed that road transport is more than paying its way.

Evidence showed that the European road freight transport sector is currently paying 130% of its infrastructure and external costs, equating to EUR 24 billion per year.

## Emissions debate

IRU welcomed the EU's drive on decarbonisation, but called for more recognition of energy sources to provide a comprehensive picture of lifecycle emissions, in particular for electric vehicles, rather than focusing just on powering the vehicle.

**"The EU road freight transport industry is more than paying its way."** – Radu Dinescu, Vice President



**IRU strengthened its partnership with International Transport Forum**

Developments in electric and autonomous truck concepts from Daimler, Einride, Nikola One, Tesla and Volvo showed the private sector's commitment to finding solutions for sustainability, climate change and road safety challenges.

IRU highlighted that while new energy and vehicle technologies can reduce CO<sub>2</sub> emissions, other areas such as eco-driving training, infrastructure, and innovative logistics concepts are also crucial.

#### **Less is more**

IRU and Volvo unveiled innovative truck-trailer prototypes in 2017, as part of the four-year "Transformers" project, which aims to create a tailored goods transport solution with more loading space, while using less energy.

#### **Urban mobility**

IRU highlighted initiatives to improve the public mobility chain in the CIS, India and East Africa during debates in Brussels on urban mobility for developing economies.

Our emphasis was on our strategic commitment to advance collective passenger

transport across the globe, with the ultimate aim of helping deliver the UN's Sustainable Development Goals, the Paris Climate Change Agreement, and the New Urban Agenda.

IRU's focus was on making cities inclusive, safe, resilient and sustainable, in particular by promoting the use of buses, coaches and taxis as the most dynamic part of the door-to-door public mobility chain.

We also worked with member association BDO for the 2017 BUS2BUS trade fair in Berlin, and brought together business, technology and policy in a unique forum to set the agenda for change.

#### **Disaster relief**

News headlines in 2017 saw hurricanes and flooding in Mexico, Puerto Rico and elsewhere in the US. These tragic events highlighted the role road transport plays in disaster relief operations, including positioning relief goods before a disaster, and delivering essential relief and much needed construction equipment and resources after disaster strikes. ■

**"The importance of road transport to pre-incident preparations, in the case of hurricanes for example, and to post-incident recovery, is particularly relevant to our industry."**

– Martin Rojas, Senior Adviser for the Americas



**Radu Dinescu and Jos Sales were elected as IRU's Vice Presidents**







# Safety first

IRU continued to develop best practice on safety in commercial road transport in 2017.

## **Training and best practice**

2017 saw a strong focus on road safety, with the significant work of the IRU Academy throwing a spotlight on the importance of training.

The year kicked off with a ministerial conference in Malta, which brought together road safety experts, stakeholders and policy-makers to formulate an action plan to reduce road accidents and fatalities across Europe.

The IRU Academy attended and backed the Malta declaration and pledge by EU governments to cut road accident fatalities by 50% between 2020 and 2030.

IRU was also recognised by the UN, in a resolution adopted at the 2017 session of the UNECE Inland Transport Committee. The resolution identified the training programmes provided by national training institutes, based on the best practice provided by the IRU Academy.

## **Mobilising the international community**

IRU urged ministers at the Transport Ministers Forum on Road Safety to target the main cause of accidents

involving heavy goods vehicles: human behaviour. We stressed the need to train all road users to share the roads safely.

The forum, organised by the International Road Federation, concluded with a declaration incorporating the joint IRU and UN call for participating countries to implement the UN Transport Safety conventions and agreements for effectively improving road safety.

In May 2017, the Fourth UN Global Road Safety Week was held, focusing on the issue of speed, which contributes to up to half of all fatal road accidents. IRU again called for more training, the use of new technologies, and standardised speed limits.

IRU also presented its vision on road safety to FIA's High-Level Panel for Road Safety. The gathering encouraged the private sector to raise much needed new resources and awareness for road safety.

In November, FIA President and UN Special Envoy for Road Safety, Jean Todt, followed

**“Around 1.3 million people are killed and up to 50 million injured in road accidents around the world every year.”** – Jens Hügel, Senior Adviser on advocacy

up with a keynote speech to IRU's General Assembly on the need for more collective action to improve road safety.

## **Fit for safety**

IRU, together with the UNECE, also developed the Safe Future Inland Transport Systems (SafeFITS). It is a tool to support knowledge-based transport policy decision-making to reduce the number of road casualties. SafeFITS' primary aim is to help governments and decision makers assess the causes of accidents and target policies and measures designed to improve road safety.



**Sights on security**

Refugee movements continued to be an issue in many parts of the world. This issue poses humanitarian, social and political challenges for governments, international organisations and society.

One EU response was to close motorway parking areas at night, such as those between Brussels and the Channel coast. IRU challenged that proposal because the closure of these facilities would be detrimental to the welfare and safety of truck drivers and operators.

IRU also highlighted related issues including the lack of police capability, lack of funding for properly secured parking areas and security concerns for other road users.

**App parking**

IRU’s TRANSPark app continued to help commercial drivers and road transport managers search, locate and contact parking areas in 40 countries worldwide. 2017 also saw a new agreement reached with Iran’s Ministry of Transport to provide more than 400 secure parking areas in Iran.

**Vulnerable cargo**

Cargo theft is one of the top threats to supply chains. The IRU Academy, in partnership with the Transported Asset Protection Association, launched a new online course to train drivers to reduce risks for themselves and for their loads. ■

**UN Special Envoy for Road Safety, Jean Todt, addressed IRU’s General Assembly**







**As the politics** of protectionism cast a shadow over international trade, the role of harmonised road transport instruments, such as TIR, has never been more necessary. They help facilitate a fair and competitive framework in which every country can enjoy the economic and social benefits of better trade and transport.

IRU's global strategy to integrate TIR into major international trade corridors was a key focus in 2017, with the additional impetus to operationalise, digitalise and optimise the system from the ground up.



IRU services helped make trade and transport easier for countries and business in more countries than ever before in 2017.

# Connecting countries

## Facilitating trade

The year kicked off with the WTO's historic Trade Facilitation Agreement (TFA) coming into force. It marked a milestone for the role of transport in boosting global trade and development, with tried and tested UN trade and transport conventions such as TIR cited as useful ways to implement the TFA's objectives.

Our challenge has been to connect the many dots, geographical and operational, to activate TIR corridors globally. The promotion of intermodal TIR

and digitalised transport tools under TIR and e-CMR along these routes has been key to this.

IRU worked throughout 2017 with the UN, governments and national transport associations to reinforce use of the system. At the same time, we built relationships with customs officials, transporters and business, providing TIR training programmes, kick-starting pilot transport operations and reinforcing local capacity.

**"The prospects for a global, streamlined road transport ecosystem are more tangible than ever before."** – Boris Blanche, Managing Director



**“With the accession of India to TIR, the INSTC Corridor will be activated, offering estimated time savings of 40% and 30% reductions in the cost of trade.”** – Kazem Asayesh, Senior Adviser on TIR and trade facilitation

**Corridor approach**

From the Americas to Eurasia and Africa, IRU promoted or worked on implementing TIR systems along several major trade corridors. These include the ambitious network of ancient Silk Road corridors in China’s Belt and Road initiative.

They also include strategic trade routes, such as the International North-South Transport Corridor (INSTC) linking India to Central Asia and Europe, and the intermodal and digital-ready Islamabad-Tehran-Istanbul axis.

China, India and Pakistan have now acceded to the TIR Convention. Iran, Turkey and Eurasia are forging the way ahead in digital transport. Momentum for e-CMR is also taking hold in Europe and beyond. The prospects for a global, streamlined road transport ecosystem are more tangible than ever before.

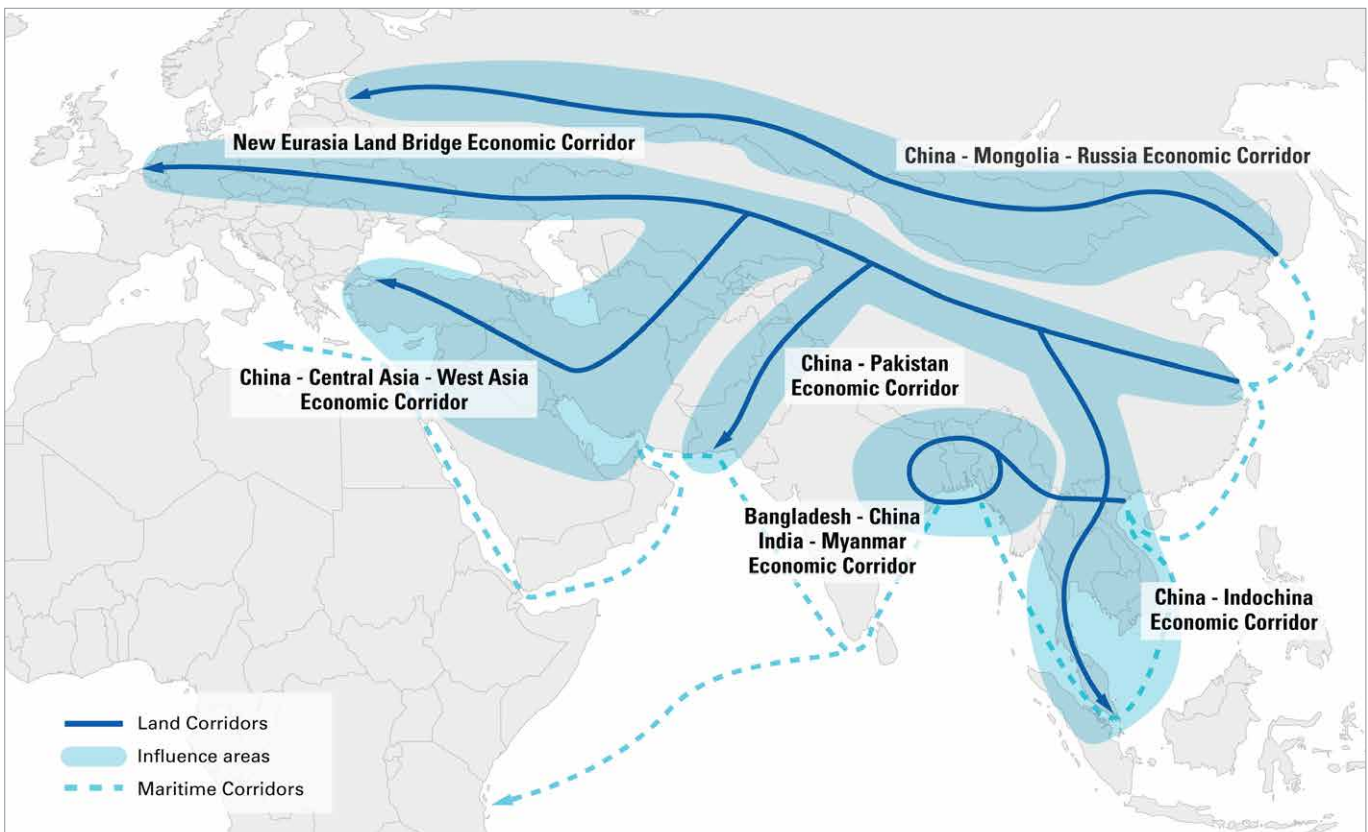
**China’s Belt and Road**

Despite having 14 bordering countries, China’s road transport currently accounts for only 10% of international goods transit. There is a vast untapped potential in boosting overland trade.

China’s Belt and Road initiative involves creating a network of railways and roads that link China to Central Asia, West Asia, parts of South Asia and ultimately Europe. TIR is a top priority to help deliver the initiative’s ambitions.

In 2017 IRU focused on operationalising TIR in China. The China Road Transport Association, an IRU member, ran TIR training sessions for 70 Chinese transport operators. The training included experts and specialists from the Transport Department and the Road Transport Management Bureau of Xinjiang, alongside China Customs and leading Chinese international transport operators.

**The Belt and Road Initiative: six economic corridors spanning Asia, Europe and Africa**







### On the China stage

IRU published a joint study with the University of International Business and Economics on the benefits of TIR on Chinese trade. The study showed that TIR could reduce transit time by as much as 80% and increase total exports by up to USD 7.86 billion.

The study was launched in May at the Chinese Government's Belt and Road Forum in Beijing. It brought together 30 heads of state and over 1,500 senior executives from business, international organisations and think-tanks.

IRU's President and Secretary General attended the Forum, putting IRU and TIR clearly in the transport and trade spotlight.

IRU also signed two cooperation agreements with the National Development and Reform Commission, China's economic

planning agency, and with China's national Customs authority. They covered the standardisation of international legal and regulatory frameworks for trade and transport across the Belt and Road network.

On a practical level, operational steps were taken towards full TIR implementation in China with a pilot truck caravan testing the overland trade route from Uzbekistan through Kyrgyzstan to China.

### Out to Mongolia

IRU organised a series of TIR training workshops in Ulaanbaatar with the National Road Transport Association of Mongolia, an IRU member. This reinforced Mongolia's active steps to eliminate transit barriers, reduce delivery times for overland transport, and expedite the region's potential for more trade in the future.

**“TIR could reduce transit time between China and its neighbouring countries by as much as 80% and increase trade by up to USD 13.6 billion.”**

– Pengcheng Qu, IRU lead in East and South East Asia



### **Building digital, intermodal highways**

The Istanbul-Tehran-Islamabad corridor is an important axis linking East to West. Based on the results of the successful digital TIR pilot between Iran and Turkey, IRU committed to financing the roll-out of digital TIR.

In May the UNECE also released a report on the Iran-Turkey project, endorsing the digitalisation of the TIR system and encouraging more countries to adopt digital transport operations.

We focused on implementing TIR in Pakistan and progressing on digital logistics across the region. Pakistan signed an agreement with Iran to cooperate on the organisation and monitoring of initial TIR transports between the two countries.

### **Crossroads Iran**

Iran, already a pioneer in digital customs transit, further digitalised its logistics infrastructure by becoming the thirteenth country to accede to e-CMR.

Iran also drove efforts on intermodal TIR, taking part in the first successful intermodal TIR

operation involving road, sea and rail on a corridor linking Europe to the Middle East. The operation was coordinated by the Iran Chamber of Commerce, Industries, Mines and Agriculture, an IRU member, working with Iranian Customs.

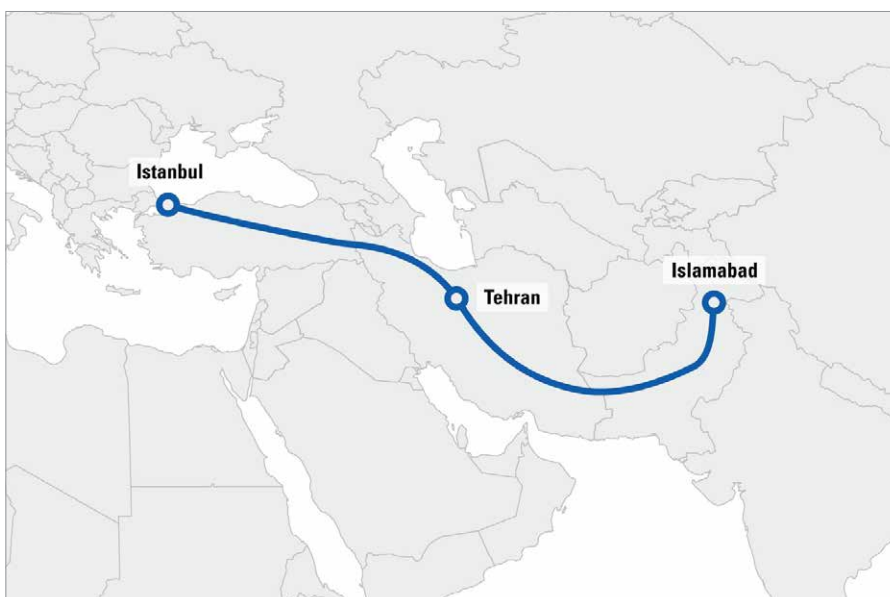
The pilot initiative demonstrated a five-day time saving, with significant potential to reduce costs and boost trade. Starting in Slovenia and arriving in Bandar Abbas in Iran, the container went overland through Italy and Turkey, and crossed the Mediterranean.

The success of the project highlighted good prospects for full intermodal operations, benefitting all contracting parties in particular the new TIR countries.

According to figures from Iran's Road Maintenance and Transportation Organization (IRMTTO), a 25% increase in goods transit was registered for Iran in 2017, in large part thanks to its developing digital capacity. The figures emphasised the importance of TIR in facilitating trade, and Iran's strategic location as a transit country.

**“The intermodal pilot demonstrated a five-day time saving, with significant potential to reduce costs and better facilitate trade.”**

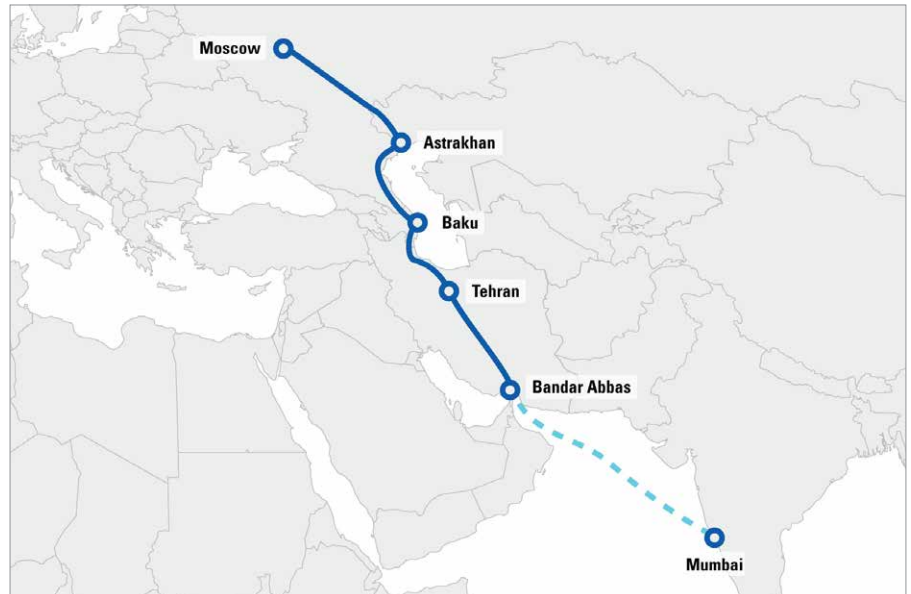
– Julian Genkov, Director of TIR and transit services



**Islamabad-Tehran-Istanbul Corridor**



**International  
North-South  
Transit Corridor**



**“Clearance procedures between India and Bangladesh currently require 22 documents, 55 signatures and a dozen photocopies.”**

– Tatiana Rey-Bellet,  
TIR implementation

**Road to South Asia**

Leading trade corridors through and beyond the South Asia region were a key focus as countries in the region moved forward with TIR, notably with India’s government ratifying the convention in June.

This was an essential step in activating the International North-South Transport Corridor (INSTC), a 7,200-km-long multimodal network between India and Europe. The corridor promises time-savings of up to 40% and cost-savings of up to 30% compared to current maritime routes.

IRU and the Jaipur-based CUTS International launched a report in early 2017 demonstrating the potential for TIR to transform trade prospects across the region.

IRU worked closely with Indian partners on training, development and outreach efforts to operationalise TIR. We also organised for a delegation from Indian customs and representatives from the Federation of Indian Chambers of Commerce and Industry to visit our Geneva office.

Additionally, we took part in the 2017 International Road Federation’s World Road Meeting in Delhi, concentrating on raising awareness of TIR and its contribution to global trade facilitation.

**And on to South East Asia**

In 2017 IRU focused on extending TIR to trade corridors in Thailand, Myanmar and Viet Nam.

We met with the ministries of transport and finance, Viet Nam customs, the Viet Nam Chamber of Commerce and Industry, and transport associations and operators. This paved the way for IRU and customs to sign a Memorandum of Understanding to support Viet Nam’s TIR accession.

With neighbouring China and India having already joined TIR, Myanmar looked to enhance its role as a strategic bridge between South and South East Asia.

IRU organised TIR awareness workshops with the Myanmar International Freight Forwarder’s Association and the Thailand International Freight Forwarder Association.



**“A 25% increase in goods transit was registered for Iran last year, in large part thanks to its developing digital capacity.”**

– Tim Davies, Director Business Development

### **Eurasian digitalisation**

Digitalisation gathered pace across Eurasia, with transport and logistics moving inexorably to the top of many CIS government agendas.

In collaboration with IRU, the CIS Coordination Transport Council recommended that member states move rapidly ahead with acceding to the e-CMR protocol.

IRU, supported by its member associations in the Eurasian Economic Union, also spearheaded the inclusion of key e-CMR provisions in the Eurasian Intergovernmental Council’s Roadmap for a Coordinated Transport Policy.

At the request of the Russian Ministry of Transport, we organised a seminar on the use of e-CMR. This seminar highlighted the strong endorsement for digitalised logistics from the Russian Federation and the Eurasian Economic Union.

IRU also held a series of workshops in Tajikistan in 2017, promoting e-CMR and digital TIR. We gave keynote addresses at the Business Forum of the Organisation for Democracy and Economic Development for Azerbaijan, Georgia and Moldova; the Eurasian Week International Forum; the Ukraine Prime Minister’s Summit; and the Northern Dimension Forum in St Petersburg.

The 18th International Road Transport Conference in Odessa resulted in the unanimous adoption of a resolution calling on governments across the region to accede to e-CMR and to begin using TIR’s digital capabilities.

### **Moving across Russia**

During the largest Russian transport industry event, TransRussia, we highlighted the latest trends and raised awareness of our products and services. We also promoted the digital transformation of logistics operations.





IRU launched a discussion on the efficiency of international road transport in the future, ahead of new Eurasian Economic Union documents entering into force, in particular its new Customs Code and the key directions and stages of implementing a coordinated transport policy.

IRU also participated in the World Customs Organization IT conference in Tbilisi, Georgia. We led a debate on IT border management solutions, such as digital TIR, highlighting the Iran-Turkey pilot operation as an example of best practice.

**Moving in the Middle East**

Iraq, Kuwait, Oman, Qatar and Saudi Arabia all made major advances towards joining TIR, and we helped the UAE activate TIR.

Egypt, Jordan, Lebanon, Morocco and Syria took part in workshops highlighting the practical aspects and benefits of the TIR system.

IRU organised a series of roundtable discussions with the Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon, highlighting the potential of TIR to boost trade in the region, especially in intermodal operations.

Following a competitive bid, IRU chose Oman to host the 2018 IRU World Congress. Oman is a strategic trade hub and has a dynamic investment strategy, aiming to become a logistics leader over the coming years, both regionally and globally.

**Europe goes digital**

IRU’s efforts in 2017 to expand the e-CMR protocol, the protocol to the UN convention standardising digital transport documents, drove change in logistics and supply chain management.

Iran, Slovenia and Luxembourg acceded to e-CMR, bringing the total for 2017 to 14 countries, with more following in 2018.



**“With Intra-regional trade in the Arab region below 10%, TIR has significant potential to foster regional economic integration.”** – Habib Turki, Regional Adviser, Middle East and North Africa

**17 countries have acceded to e-CMR as of March 2018**





**“150-200 million CMR consignment notes are used annually in Europe for international trips, representing huge potential for e-CMR.”**

– Zeljko Jeftic, IRU lead on Global Innovation

#### **e-CMR trials**

The first successful e-CMR deployment happened in 2017 between Spain and France. The first journey was a truck taking fruit from Huelva to Perpignan. It was just the start: a number of transport operators have contacted IRU members to initiate operations.

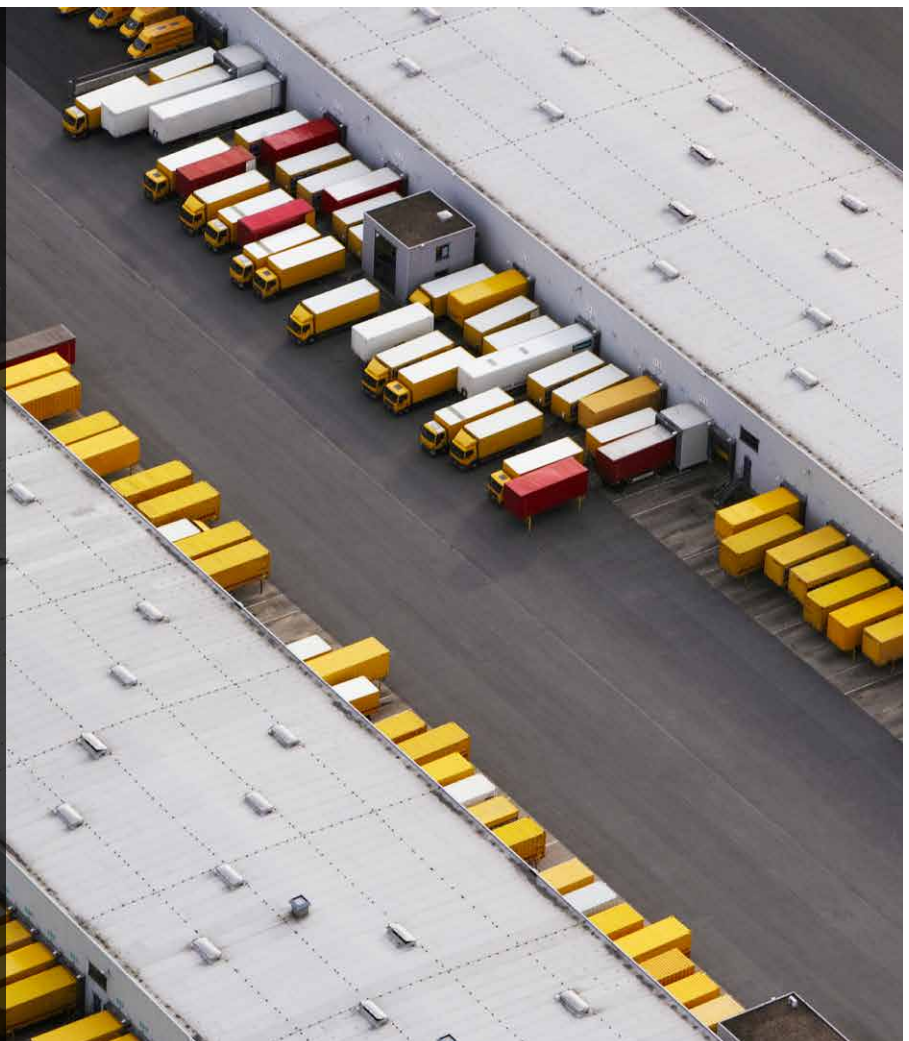
A three-year e-CMR pilot project was launched in the Benelux countries, a step towards wider European, and eventually global, use. The pilot is testing day-to-day procedures and practical use, and

assessing the legal infrastructure required for application.

IRU updated Bosnia and Herzegovina international road carriers on e-CMR developments and benefits at their annual meeting.

We also helped organise Greece’s first national transport operation to use the digital consignment note and presented e-CMR at the Semaine Internationale du Transport et de la Logistique, an important logistics event in France.

BLG Automotive Logistics transports **16.5 million** vehicles annually, needing 33 million sheets of paper to do so. That’s **135 tonnes of wood.** e-CMR helps the environment, and saves between **38% and 44% of the time** currently needed to fill in, format, print, check, sign and store documents.







**Countries that have expressed interest and/or joined TIR in the last five years**  
**Countries conducting TIR operations**  
**TIR contracting parties**

**Expanding TIR further afield**

In the Americas, IRU worked with the Argentinian government in several high-level meetings, including with President Macri, to move the country closer to TIR ratification.

We also worked with governments and the private sector across Africa in a series of workshops, to highlight how TIR can reduce the costs of trade and transport. IRU delivered keynote speeches on transit harmonisation at several regional gatherings, including African Ports Evolution 2017 in Durban.

Sudan’s accession to TIR became more likely. The Sudanese Union of Chambers of Commerce (SUCoC) became a member of IRU, and was officially nominated by Sudan Customs as the guaranteeing and issuing association for the TIR system.

IRU worked with the Federation of Southern and Eastern African Road Transport Associations to encourage Zimbabwe to consider implementing a harmonised transit system such as TIR. This would help avoid long and costly border delays, of up to five days, due to the country’s new customs regulations. ■

**“A functioning multi-lateral or regional transit system like TIR would cut the need for individual national approaches to controlling transit goods through different customs territories in Africa.” – William Petty, IRU lead in Africa**



# Recognising excellence

IRU recognised outstanding achievement within the industry in 2017.

## **IRU Diploma of Honour**

Over 1,150 bus, coach, taxi and truck drivers from 25 countries were awarded IRU's Diploma of Honour for their excellent driving and safety records. This year's winners come from Argentina, Austria, Belarus, Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Kazakhstan, Latvia, Lithuania, Luxembourg, Macedonia, Netherlands, Poland, Romania, Russian Federation, Slovakia, Spain, Turkey and Ukraine.

## **IRU Top Road Transport Managers**

IRU recognised 60 individuals from 12 countries as the 2017 Top Road Transport Managers. The award celebrates the success stories of exemplary managers who deserve international recognition for their high level know-how and work to raise the profile and strengthen the efficiency of the road transport industry.

## **IRU's Smart Move Award**

There were two winners of the 2017 IRU Smart Move Awards. Malta Public Transport won the Bus Excellence Award for its

outstanding public bus service. And the Romanian municipality of Alba Iulia was awarded the City Trophy for the great attention paid to tourist coaches visiting the city.

## **Best Eurasian Transport Awards**

Four companies from Belarus, Kazakhstan, Russian Federation and Ukraine were the recipients of the 2017 Best Eurasian Transport Awards. Winners are celebrated for their outstanding practice across a range of areas including the environment, corporate social responsibility and economic performance.

The 2017 winners were Goellner Spedition (Ukraine) in the category of up to 10 trucks; private entrepreneur Belyanin Sergey Mikhailovich (Russia) and Eurasia Trans Team (Kazakhstan) for the 11 to 50 vehicle category; and Intertransavto LLC (Belarus) for over 50 vehicles.

The jury also awarded special certificates to Dolf-Man LLC (Kyrgyzstan) for geographical expansion of transport operations and to ProLiv JLLC (Belarus) for high environmental fleet standards.



**Celebrating service**

Florence Berthelot, General Delegate for IRU's French member association, FNTR, became a Chevalier of the French Legion of Honour. The knighthood recognises Berthelot's excellence in actively working to develop road transport and innovation in France over the last 29 years.

Dmitry Cheltsov, who leads IRU's work in Eurasia, was awarded the medal for "25 Years of the Federal Customs Service", recognising

his contribution to streamlining customs administration in the Russian Federation.

**Championing Eurasian integration**

IRU's New Eurasian Land Transport Initiative, which monitored commercial deliveries of goods by road on various itineraries between Europe and Asia, won first place in the "Eurasian Communications 2017 Award" in the "Mutual trade and transport and logistics corridors" category. ■

**Over 1,150 bus, coach, taxi and truck drivers from 25 countries were awarded IRU's Diploma of Honour for their excellent driving and safety records.**





# Financial overview

<b>Income and expenditure account for the financial year ended 31 December in CHF</b>	<b>2017</b>	<b>2016</b>
Total net operating revenue	50,328,450	56,040,746
Direct operating expenses	-17,181,128	-15,972,342
Salaries, social charges and other staff expenses	-25,999,630	-24,812,148
Other operating expenses	-15,875,142	-18,927,372
<b>SURPLUS / (DEFICIT) FROM OPERATING ACTIVITIES</b>	<b>-8,724,450</b>	<b>-3,671,116</b>
Surplus / (deficit) from financial activities	9,217,933	2,085,037
Surplus / (deficit) from non-operating activities	-294,576	278,311
<b>NET DEFICIT BEFORE ALLOCATION</b>	<b>195,907</b>	<b>-1,307,768</b>
Allocation to Expansion fund	-	-
<b>NET DEFICIT AFTER ALLOCATION</b>	<b>195,907</b>	<b>-1,307,768</b>
<b>Balance sheet as at 31 December</b>	<b>2017</b>	<b>2016</b>
Cash, short-term investments and term deposits	324,020,274	358,076,120
Short-term financial assets	901,092	8,247,918
Receivables and inventories	28,084,221	32,957,317
<b>TOTAL CURRENT ASSETS</b>	<b>353,005,587</b>	<b>399,281,355</b>
Long-term financial assets	76,971,730	77,527,310
Property, plant and equipment	2,380,123	2,596,206
<b>TOTAL NON-CURRENT ASSETS</b>	<b>79,351,853</b>	<b>80,123,516</b>
<b>TOTAL ASSETS</b>	<b>432,357,440</b>	<b>479,404,871</b>
Short-term liabilities	53,078,662	63,874,713
Provisions for unrealised losses on investments		31,395,305
Provision for risk and charges	366,228,017	366,228,017
<b>TOTAL LIABILITIES</b>	<b>419,228,017</b>	<b>461,498,035</b>
Unrestricted funds	-1,260,971	46,797
Restricted funds – Expansion fund	14,115,825	19,167,807
Net surplus (deficit) of the year	195,907	-1,307,768
<b>TOTAL FUNDS</b>	<b>13,050,761</b>	<b>17,906,836</b>
<b>TOTAL FUNDS &amp; LIABILITES</b>	<b>432,357,440</b>	<b>479,404,871</b>

IRU faced a challenging 2017 from an operational and financial perspective, however we also focused on building the foundations for the organisation's future.

#### **Challenging times**

Despite efforts in existing territories and encouraging progress in new geographical areas, TIR carnet volumes continued to decline, reaching 1.15 million in 2017, 9.4% lower than in 2016.

We maintained a clear objective to maximise structural cost reductions in non-core activities, while preserving strategic investments, especially in relation to the TIR system.

IRU's overall financial performance in 2017 benefitted from our asset allocation, in line with our investment strategy and positive trends in financial markets.

We therefore closed 2017 with a small surplus of CHF 200,000. However the financial and operational environment remains particularly challenging and will require continued efforts through 2018 and beyond.

Both total assets and related provision for unrealised losses have been reduced in 2017, while exiting some historical investments at net book value.

IRU's asset base is essential to manage the TIR system, in particular the financial guarantees for unpaid customs taxes and duties on TIR shipments and the insurance scheme that underwrites them. Usage of the Expansion Fund of CHF 5.1 million in 2017 enabled to maintain an important contribution to support TIR issuing associations and holders.

#### **Strategic future**

Pressure from a rapidly evolving industry, combined with the need for further internal streamlining and optimisation, put IRU's focus in 2017 on operational prioritisation, financial rigor and long term strategy.

IRU conducted a comprehensive analysis of the organisation's value proposition, operations and finances in the first part of the year with a leading consulting firm.

We subsequently launched a transformational five year strategic development plan. This aims to better our understanding of our markets, and improve the value IRU brings to its members and its industry. ■



**IRU continued improving its finances, business processes and strategy in 2017.**



# Accelerating change



IRU is stepping up to spearhead the road transport revolution.

The current evolution, some would say revolution, in transport technology and innovation is turning market structures upside down. But it is also offering unprecedented opportunities for our industry, as well as its clients, suppliers and regulators.

IRU stands very much at the centre of efforts in road transport to support, nurture and back road transport's crucial role in boosting trade, economic and social prosperity, as well as safety and environmental sustainability.

Having welcomed China, India and Pakistan into the TIR family over the past two years, our focus in 2017 was on operationalising the system. We want TIR transits to begin into and out of those countries in 2018, bringing trade benefits as quickly as possible.

Making TIR fully digital is also at the heart of this effort. Having worked successfully with our members over some years to roll-out digital tools to help run the TIR system, the landmark agreement I signed with the Executive Secretary of

**Umberto de Pretto**  
**IRU Secretary General**



the UNECE in late 2017 helps set our collective sights firmly on a fully digital TIR in the near future.

The challenge has been significant. Transport is still largely paper based and fragmented. Innovations such as autonomous trucks are steadily coming, but not before the industry is fully digitalised.

Looking ahead to 2018, the IRU World Congress in Oman will reinforce IRU's role in leading the industry, and reinforce our industry's relevance and importance to the wider world.

Inside IRU, our transformational five year strategic development project will continue to drive change within the organisation, for and with our members. This landmark strategy will bring us closer to our rapidly evolving markets, improve and sharpen our value proposition, and make our finances and operations more sustainable.

The digital and physical connections that knit IRU and our industry together will only become more important in the future. I look forward to have you join us on the exciting journey ahead. ■

**IRU's voice and leadership for road transport in a rapidly changing world is vital.** – Umberto de Pretto, Secretary General





### **Headquarters**

La Voie-Creuse 16, CP 44  
1211 Geneva 20, Switzerland  
+41-22-918 27 00 (tel)  
+41-22-918 27 41 (fax)  
iru@iru.org

### **Brussels**

+32-2-743 25 80 (tel)  
brussels@iru.org

### **Moscow**

+7-495-258 17 59 (tel)  
moscow@iru.org

### **Istanbul**

+90-212-215 60 00 (tel)  
istanbul@iru.org

### **Beijing**

+86-10-56 06 39 00 (tel)  
china@iru.org

**iru.org**

