

H.E. Mr Antonio Guterres
Secretary General
United Nations
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10017 - NEW YORK, N.Y.
United States of America



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Geneva, 4 May 2020

ROAD TRANSPORT INDUSTRY CALL FOR ACTION “DRIVING THE RECOVERY”

Your Excellency,

Further to my letter to you dated 17 March 2020, IRU continues monitoring the Covid-19 situation across the globe carefully and evaluating the pandemic's impact on commercial road transport.

The protection of people must be the top priority, but at the same time it is crucial to maintain economic growth and ensure the sustainability of road transport companies - the backbone of modern economies.

Road transport companies, mainly small and medium sized enterprises, cannot, due to their size, easily cope with the dramatic economic impacts of Covid-19.

I. Facts and figures on the economic impact of the Covid-19 pandemic

According to WTO figures, the global economy (GDP) is projected to contract in 2020 sharply by up to 8% and global trade will decrease by up to 32% in 2020 due to the Covid-19 pandemic. The Purchasing Managers' Index (PMI), an index of the prevailing direction of economic trends in the manufacturing and service sectors, recorded in March a dramatic decline in the manufacturing sectors. These figures underline that the situation is much worse than during the 2008-09 financial crisis.

In depth IRU research and direct reports from the road transport industry show how seriously the goods and passenger road transport industry is affected by the Covid-19 crisis.

For goods transport:

- Revenue declined by 40% during the confinement period (in comparison to last year's figures).
- Many transport operations such as transport of automotive parts, clothing, flowers and construction materials have dramatically slowed to almost 100%.
- Empty running increased by up to 40%.
- New contracts have declined by 60-90%.

For passenger transport:

- Tourist coach operations, long-distance international operations, and school and kindergarten transport is down 100%. Long-distance national lines declined by 90%, taxi services are down 80% and special transports for municipalities (sick, elderly, etc.) are down 90%.
- Revenue declined, on average, by 50-100% during the confinement period. This ranges from 50% for private operators who run public service contracts for example for urban transit authorities, up to 100% for companies running scheduled intercity and international services, and tourist coach services.

This unprecedented dramatic situation has resulted in the deterioration of the liquidity and profitability of small and medium-sized enterprises, which make up 80% of the road transport industry, and which are especially at risk of bankruptcy within the next months.

As everything is interconnected by road transport and keeping in mind the gradual lifting of the confinement measures, IRU thus urges the UN to call on governments and international financial institutions to keep road transport operators in business and to allow road transport to drive global economic recovery from Covid-19 by implementing the industry's "driving the recovery" plan.

II. Specific short term schemes to ensure road transport can drive economic recovery

a) Financial measures

The most pressing and immediate problem for road transport operators is liquidity, and with the dramatic decline in road transport demand, many of these SMEs are on the brink of insolvency. If they are allowed to go bankrupt during the crisis, their essential services will not be readily available when economic recovery begins.

Therefore, it is imperative that governments implement and facilitate immediate financial support programmes.

The industry is therefore calling on governments to:

- Provide direct cash grants to road transport companies, as a temporary aid, which can be phased out as the situation improves.
- Facilitate access to loans for covering variable costs (such as ongoing operational needs), refinancing of pre-existing credits for asset purchase (e.g. vehicle leases), and facilitate credits for the renewal of fleets at low or 0% interest rates.
- Facilitate delays to due dates for loan repayments and lease instalments.
- Extend payment deadlines and/or temporarily reduce or waive taxes, charges and duties including corporate taxes, social contributions and fuel tax.
- Facilitate reduction of insurance premiums and waive premiums for non-operational vehicles due to halted goods and passenger services.
- Set-up financial support programmes for temporarily unemployed road transport workers and facilitate reintegration back into the transport workforce of skilled people made unemployed due to the crisis.

b) Non-financial measures

The above mentioned fiscal measures will not be sufficient and must be accompanied by effective targeted, non-fiscal measures.

The industry is therefore calling on governments to:

- Establish green lanes for trucks to be implemented at all borders, backed by policies and procedures that prevent additional and systematic stopping of trucks at all borders.
- Prioritise collective passenger transport, particularly for workers, with appropriate health protective measures put in place.
- Designate road transport workers as key workers, giving them priority access to proper protection, disinfection equipment and material, which have not yet been made sufficiently available by governments.
- Allow for maximum flexibility on the interpretation of driving rules, driving restrictions and tolerance measures to prolong the validity of expired control documents including visas, certificates and licences.

III. Specific mid-term schemes to support road transport

The success of a mid-term recovery plan will be dependent on a coordinated approach on the lifting of containment measures. The key focus in the recovery plan needs to be continuously put on reducing the direct financial burden on road transport operators, while at the same time providing real business incentives towards a greener and more digital logistics and mobility sector.

The industry is therefore calling on governments to take action on the following three priority issues which support the UN Sustainable Development Goals:

“People”

- Create national economic recovery advisory councils (leading national road transport associations must be involved).
- Prioritise collective passenger transport over the use of private passenger cars as the most efficient way for decarbonisation and decongestion of road transport.
- Link future loans to investments in safer and cleaner vehicles, e-learning and standardisation.

“Prosperity”

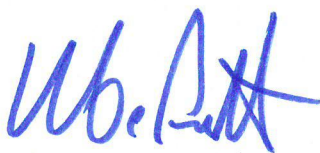
- Encourage the implementation of the UN TIR Convention and related IT tools, which allows for transport in a secure load compartment carried out under customs control, and, therefore, does not require physical checks at borders.
- Accede to and implement the e-protocol to the Convention on the Contract for the International Carriage of Goods by Road (e-CMR).
- Create long duration, multi-entry e-visas for professional drivers.
- Introduce e-permits for international road transport.
- Link future loans to investments in digital applications.

“Environment”

- Link mid-term loans to investments in cleaner vehicles (High Capacity Vehicles for cross-border transport of goods, alternatively fuelled vehicles including CNG, LNG, H2 and BEV).

IRU stands ready to provide practical advice from the ground to ensure that, as a global community, we effectively tackle this pandemic together and allow the road transport industry to drive the economic recovery.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'U. de Pretto', with a stylized flourish at the end.

Umberto de Pretto
Secretary General