

EDITORIAL

The extent and pace of the ongoing decline in international trade volumes is perhaps most acutely symbolised by a report that up to 6% of the container fleet is currently laid up. The global downturn has prompted many governments to announce ambitious economic recovery packages.

Political responses to the economic downturn can act as an important lever if they encourage openness to international trade by removing administrative obstacles and investing in transport infrastructure. By contrast, they can pose a threat to globalisation if they are devised principally to protect domestic markets.

There may also be a temptation to put measures to deal with climate change off until economies begin to grow again. Averting the potentially catastrophic consequences of global warming cannot wait and the current recession can in fact provide an opportunity to promote carbon efficient transport technologies at a lower cost.

At times like these, there is a risk countries will devise transport policy based on a purely domestic agenda precisely at the moment where the need for international cooperation is greatest.

Jack Short
Secretary General



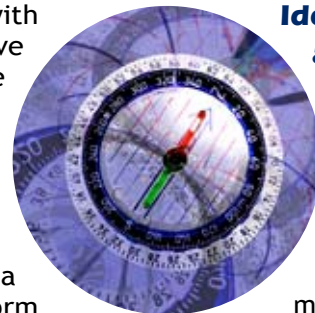
CHALLENGES AND OPPORTUNITIES IN THE DOWNTURN

Recent working meetings with industry and governments have confirmed the abrupt decline in transport volumes and investment, but also shed light on some of the short and medium term answers to the downturn.

The Forum Advisory Board, a high-level consultation platform with transport industries, met on 2 December 2008 in London in the presence of UK Minister Geoff Hoon to take stock of important changes to the global economic environment and engage in a collective exchange of experience on the downturn suffered across industries. As long as morale and confidence stay at exceptionally low levels, they reported, the medium term outlook will remain very bleak for the sector. With further knock-on effects of the financial turmoil still likely, credit is also much harder to come by for transport operators.

A meeting of the 2009 Forum Task Force in Sydney on 28 January completed this picture with a public sector perspective on the downturn and longer term trade facilitation considerations in such areas as persisting bottlenecks and other non-physical barriers to international trade, inadequate interfaces between transport modes, journey reliability issues as well as the importance of improved freight corridors.

December 2008 has been described by airlines operating international and cargo routes as "one of the worst on record".



Identifying appropriate responses

Similarly, both meetings discussed some of the short and longer term measures needed to induce economic recovery and facilitate international trade.

The merits of well targeted infrastructure investment actions combined with initiatives to facilitate access to credit were reviewed. Because there is currently less pressure for facilities to cope with traditional trade volumes, the downturn offers an opportunity to tackle years of under-investment and complete missing links in strategic transport infrastructure.

Much can also be done to ease border crossings to facilitate international transit. Suggestions included moving towards a single customs authority, fast tracking open air space agreements and finding a better balance between security and trade facilitation.

Different safety and environmental standards used in different parts of the world can lead to increased engineering costs. Working towards a global harmonisation agenda can help support the deployment of emerging technologies.

There was a general consensus that impulse needs to come from public authorities, but that innovative forms of consultation and cooperation with private sector stakeholders can harness expertise and, in some cases, avoid costly mistakes.



GLOBAL ANSWERS TO THE GLOBAL DOWNTURN

Structured along an interactive format that contributed to the success of the 2008 edition, the International Transport Forum 2009 “Transport for a Global Economy, Challenges and Opportunities in the Downturn” will once again bring together political leaders with senior industry, research and civil society representatives in Leipzig on 26-29 May 2009.

► Key topics

Five major themes will be intersected by the Forum workshops and panels:

- Transport and the economic downturn
- Opening transport markets
- Supply chains, intermodal transport and gateways
- Infrastructure planning and financing
- Border crossings and security

► Confirmed speakers

As of 15 February 2009, the list of confirmed panellists included Jacques Attali, Angel Gurría (OECD), George Dragnich (ILO), Peter Bakker (TNT), Bert Klerk (ProRail), Janusz Lacny (JMJ-TRANS), Philippe Louis-Dreyfus (Louis Dreyfus Armateurs), Lord Gus MacDonald (Macquarie UK), Scott Price (DHL Europe), Mustafa Sani Sener (TAV Airports Holding), Ronald Widdows (Neptune Orient Lines) and Prof. Anthony Venables (Oxford University).

► Exhibition opportunities

Set in the prestigious Leipzig Conference Centre, the Forum offers a limited number of organisations the opportunity to connect with a truly global audience and interact with transport decision-makers from the public and private sphere.



► Open Forum

ITF is delighted to have received the support of a number of key international organisations and economic actors in the setting up of four thematic workshops addressing modal perspectives:

- “Gateway Airport Investment and Development of Airline Services” with FraPort and Lufthansa.
- “International Road Transport Facilitation and Market Access” with the International Road Transport Union.
- “Railways in a Globalised World” with the Community of European Railways.
- “International Shipping: Global Regulation for a Global Industry” with the International Maritime Organization and the International Chamber of Shipping.

For information and registration:
www.internationaltransportforum.org/2009

Overcoming Border Crossing Obstacles

Delays at frontiers prolong transport times and increase the cost both of transport and of the goods transported. The Forum has been mandated to work on the issue since 1984 resulting in several studies, Recommendations and Resolutions relating to the difficulties encountered by carriers at border crossings. However, considerable bottlenecks at borders generated by inefficient, outdated and complex border crossing procedures still exist across all modes of transport requiring the attention of policy makers.

On 5-6 March 2009, a seminar jointly organised by ITF, UNECE and the World Bank will review and analyse problems in crossing borders across all modes of transport and assess their costs to economic agents. It will examine good practices and recent developments which can be replicated elsewhere and will identify areas where further actions need to be taken to facilitate easier crossing of borders. In turn, the seminar is expected to produce specific discussion issues and recommendations for the Ministers in Leipzig on alleviating border crossing obstacles and facilitating trade at regional and global levels. ►►



Innovation in Transport and Logistics

As part of the events surrounding the 2009 Forum, two of the leading freight forwarder organisations CLECAT (Europe) and FIATA (international) are collaborating with ITF on a prize for innovation in transport and logistics along the global supply chain.

The principal objective of the award is to recognise innovative approaches to ensuring reliable, high quality, sustainable service provision, particularly in the current economic context. Full details of the call are available online. ►►

Evaluating Transport Security Policies



Security remains high on the political agenda in many countries because of the widespread perception that they are increasingly under threat from intentional malicious acts and terrorist attacks. As a result, spending on transport security is on the rise, but formal analysis on the costs and the benefits of various programmes is only emerging.

In order to further understanding on this topic, the Joint Transport Research Centre held a Round Table on “Security, risk perception and cost-benefit analysis” on 11-12 December 2008. Its objective was to take stock of the expertise on the assessment of risk and insecurity in transport, to discuss how the expertise can support project and policy appraisal, and which gaps in knowledge remain.

It noted that the uncertainty of terrorist threats makes economic analysis difficult. The tools developed for costing risks, e.g. on the basis of historical accident records, cannot be applied to events that are uncertain. Moreover terrorists adjust their strategies according to the security measures taken, something that does not happen in relation to accidents. This limits the extent to which experience with safety policies can help make better security policy.

Economic analysis however can help improve the effectiveness of security policies. For example, impact analysis is useful for determining the likely economic costs from various attack scenarios. More broadly, systematic economic analysis provides insight in how deterrence strategies hold up under alternative assumptions on how likely attacks are to occur. Economics also clarifies how stated security goals can be attained at the lowest possible cost for instance through increased usage of risk-profiling in aviation screening. ▶▶

TRANSPORT AND GLOBALISATION

One of the milestone events in preparation for the 2009 Forum, a one-day seminar on Transport & Globalisation was held in Sydney on 27 January 2009.

In his opening address, Minister Anthony Albanese (*picture*) referred to the “tyranny of distance” as well as Australia’s dependence on air and sea routes to connect the country with the global community. Accordingly, Australia is fast-tracking a number of strategic transport priority investments in spite of, and perhaps in response to, the current economic climate.

Input to the seminar took the form of national experiences and studies that were shared by the 16 countries present at the seminar.



Industry perspectives were provided by Scott Alison (Abigroup Asset Developments), David Bendall (Maritrade / International Chamber of Commerce) and David Goodwin (Neptune Orient Lines) who all noted that the current crisis had had a major impact on transport spending patterns on account of increasingly risk-adverse investors. Mr. Allison encouraged more rigorous project selection processes and the development of financial models that are more palatable to debt and equity investors (e.g. state-backed loans). Mr. Bendall noted that more could be done to increase the investment potential of intermodal transport such as road/rail/inland waterways connectivity. David Goodwin pointed to the implications for the container shipping sector where the trade downturn has resulted in 6% of the global fleet being laid up but by the same token offering investment opportunities at a time when there is less pressure on port facilities worldwide.



Academic input into the discussions took the form of contextual research papers on trends in globalisation and transport costs. Professor David Hummels (Purdue Univ.) provided evidence on how changing patterns of globalisation affect transport demand and costs. Although nearly all international trade, measured by weight, moves via ocean shipping, over half of the US export value is airborne, Prof. Hummels noted. Professor Tae Oum (British Columbia Univ.) presented his paper on air transportation liberalisation and its impacts on airline competition and air passenger traffic. Christian Reynaud (NESTEAR) provided evidence on globalisation and its impact on inland and intermodal transport. All three papers are currently undergoing a fine-tuning process ahead of the 2009 Forum. ▶▶

“From our Inbox” is a selection of transport developments related to the annual Forum theme reported in the media. Although great care has been taken to ensure the integrity of the information presented, the International Transport Forum makes no claim as to its accuracy.

Euro-Asia Rail service delayed

A commercial railway cargo train between China to Germany completed its 17-day, 10 000-kilometre maiden journey on 8 October 2008 carrying fifty containers of technological goods. At three times the speed of maritime transport but generating only 5% of the equivalent air freight emissions, the service was to have operated a twice-weekly service from January 2009. However, the recent economic downturn has seen a slump in Chinese exports and reduced the prospects for potential clients of the transcontinental rail service.

EC publishes TEN-T review paper

The European Commission has initiated a broad review process of the trans-European transport (TEN-T) network policy. The Commission argues that the overall policy context of the European Union has evolved, and TEN-T policy needs to be adjusted within this framework.

The main objectives of this review are to take account of these policy developments, strengthen the TEN-T's role as a basis for the provision of efficient transport services and examine whether TEN-T planning needs a stronger European dimension through integrated “priority networks” approaches.

Calls for Doha resumption

Finishing the long-stalled Doha Round of multilateral trade talks is the single most valuable step global leaders can take to keep the current economic crisis from triggering a destructive protectionist backlash, according to trade officials and academic experts gathered at this year's World Economic Forum Annual Meeting in Davos.

US boosts transport spending

A US Recovery and Reinvestment Plan worth an estimated USD 819 billion in tax cuts and investments is allocating USD 42 billion to transport infrastructure, a large chunk of which will go to highway bridge and construction projects. Reportedly the largest since the creation of the federal highway system under President Eisenhower, the plan is expected to create up to 400 000 jobs nationwide over the next two years.

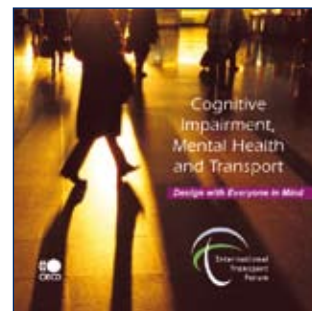
Airlines report traffic plunge

The International Air Transport Association (IATA) has released international scheduled traffic results revealing a 22.6% drop in global international cargo traffic in the month of December 2008. Passenger traffic fared a bit better, according to the European Airlines Association (AEA), with a reported 3.5% decline in December across nearly every route originating from Europe. Both associations described the figures as some of the worst on record.

JUST OUT

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(January 2009)



- **Round Table 142 The Cost and Effectiveness of Policies to Reduce Vehicle Emissions**
(January 2009)

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FORTHCOMING ITF/JTRC EVENTS

- ▶ **10 March 2009, Paris**
Meeting of the Task Force 2010
- ▶ **10-11 March 2009, Paris**
11th Joint OECD/ITF Transport Research Committee
- ▶ **1-2 April 2009, Istanbul**
Meeting of the Task Force 2009 and Transport Management Board
- ▶ **26-29 May 2009, Leipzig**
Transport for a Global Economy: Challenges and Opportunities in the Downturn