



FORUM 2009 • 26-29 May • Leipzig

## TRANSPORT FOR A GLOBAL ECONOMY

*Challenges and Opportunities  
in the Downturn*

### WORKSHOP 2

## *Social Impacts of International Transport*

*Tuesday 26<sup>th</sup> May 2009, Hall 3 - 14:00 to 17:30*

#### Background:

Globalisation has provided opportunities for growth in both high and low income countries. The benefits have not been evenly distributed within countries - this applies to countries at all levels of development – but GDP per capita is higher than it would otherwise have been. The growth accompanying globalisation has exacerbated inequalities in some countries but rapidly developing economies significantly narrowed the GDP-per-capita-gap with OECD countries over the last decade, at least until the onset of the credit crisis in 2008 which hit these economies hardest.

Globalisation has been accompanied by relocation of industry, mainly in response to differences in labour costs. Although all trading partners benefit on balance from exploiting such comparative advantages, adjustments can be painful for the communities affected. Wage differentials will persist until labour markets are opened internationally but national governments are in a position to use some of the benefits of trade to assist communities that lose employment.

Policies to address the distribution of wealth and employment are generally outside the scope of the transport sector, but transport policies can have an influence on regional equity. Investing in gateways and cities reduces transport costs where economic mass is high in the core areas of globalised economic activity. Focussing investment on regional accessibility and links between the core and the periphery might spread economic development to these regions; although such investments have sometimes served to accelerate the concentration of services in the core.

Liberalisation of transport services has increased efficiency and reduced costs in key transport markets, most notably in North American railways and the North American, European and Trans-Atlantic aviation markets. This has been a significant driver of globalisation and could be a major factor in future growth in trade, particularly in Asia. International competition remains controversial in some markets, for example European road haulage. Whilst the efficiency benefits of competition are clear, the current economic downturn makes social issues including wage rates and working conditions more acute.

#### Participants:

- Moderator: Maurice Bernadet, LET, Lyon, France
- Arpita Mukherjee, Indian Council on International Economic Relations
- Marios Meletiou, International Labour Office
- K. L. Thapar, Asian Institute of Transport Development, India
- Dan Ikenson, Centre for Trade Policy Studies, CATO Institute, Washington
- Maryvonne Plessis-Fraissard, Consultant, World Bank
- Andrea Kocsis, Ver.di Trade Union, Germany

#### Organisation:

The workshop will be organised around the issues described below. It will open with a short presentation of the introductory paper by Arpita Mukherjee. Prof. Maurice Bernadet, who is chairing the workshop, also wrote for the Forum a background document on the regulation of road haulage in Europe. This report will be the basis of the second part of the discussion.

Issues proposed for discussion:

- A) From the report by Mrs. Arpita Mukherjee

In the case of India, transport (and therefore the liberalisation and globalisation which reinforce its efficiency) is a factor:

- in the strong growth of this country, and therefore a factor in the reduction of inequalities between countries;
- in the reduction of inequalities between the various populations within the country.

Debate: Can the lessons from the Indian example be applied generally?

- 1) Is transport (and the globalisation of transport) a factor in the reduction of inequalities between developing and developed countries? According to which mechanisms? With what intensity? With what limits?

- 2) Is transport (and its liberalisation) a factor in the reduction of inequalities between the populations of the countries concerned? According to which mechanisms? With what intensity? With what limits? Is this true equally in developed and developing countries?
  - 3) What policies are available for addressing inequalities?
- B) From the report by Maurice Bernardet

The liberalisation of road transport between European countries raises questions about the advantages gained in the “rich” countries (“social dumping”), and gives rise to reservations concerning this liberalisation, even to the extent of questioning its viability.

Debate:

- 1) Can this observation concerning road transport be applied generally? Other examples in other countries or other modes? According to which mechanisms, are the advantages gained to be called into question? Should measures be taken -and which measures - to avoid the damaging consequences of “social dumping”?
- 2) More generally, the globalisation of transport has favoured the delocalisation of industrial activities. What is transport’s responsibility in this process? Should measures be taken - and which measures - in the transport sector and to limit the damaging social consequences of this process in the “rich” countries?