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SECTOR OVERVIEW OCTOBER 2016



TOP NEWS

Currently, the main obstacle to the expansion of electric cars is the battery

A complete battery to power the mid-size car for 300 km ride costs \$ 15,000 in production, which is about the cost of a best-selling car in the US in the previous year.

The expansion of electric vehicles increases the demand for copper

The production of motor vehicles with internal combustion shall consume 20 kg of copper, while a complete battery for an electric car consumes 4 times more, i.e. 80 kg. In this regard, it is expected that the expansion of electric cars will increase the market value of copper for \$ 38 billion, according to the current prices considered.

Iveco delivered 10 trucks which use liquefied natural gas for their drive

Clean fuel used to power these vehicles will enable their access to urban areas where there are increasingly stringent regulations when it came to the emissions and environmental pollution. By this strategy, Iveco works on an increase in sustainability of the transport sector by aiming to increase the number of vehicles that use alternative fuels for their drive.

For now, Honda continues to produce cars in the United Kingdom (UK)

The leaders of the company emphasize that they still do not see the reason for relocation of production from the British market, especially as the UK Government sought the protection of its car industry regardless of the decision on leaving the EU. Honda leaders point out that, despite the results of Brexit, they did not ask the Government for any special benefits for their business performance. Net profit of the company increased in the third quarter of the current year by 39%. Also, the UK, as a destination, has been part of the strategic plan of the company when the factory was built, which is a global cross-point from where it is exported to the whole world a new five-door model, Honda Civic.

DHL has signed a three-year contract to supply with parts of Toyota dealers around the UK

The aim of this cooperation is the efficient supply of dealers with parts necessary to meet the needs of customers at night. In fact, all the necessary parts of dealers across VB are delivered in the early morning hours, after which it can be more effectively met the customer needs. This DHL platform provides flexibility in the supply chain.

Germany is about to launch the first train that creates 0% of pollution and emits only steam

The world's first hydro train can reach speeds up to 87 km/h. Testing of this train will be implemented by year-end. If the testing is successful, the train will start to be used at the end of next year. The train can travel nearly 800 km per day and will be used for passenger transport over long distances. Apart from France, which immediately expressed interest in the purchase of the train, the interest comes from the Netherlands, Norway and Denmark. The train moves by a large battery made of lithium, and receives its power from the hydrogen tank that is placed on the roof.

The Ministry of Construction, Transport and Infrastructure in Serbia will increase its investments in river transport

This especially refers to projects which will enable Serbia a greater utilization of the River Danube. The Minister of line ministry discussed these and other topics related to investment in infrastructure with Karl Pejic, the European coordinator for the corridor Rhine - Danube. During the conversation, it was expressed the support for the development of river transport and its increased use in the transport of goods.

The works on Corridor 10, which was awaited for thirty years, are in their final stage

In addition to the works on Corridor 10 near the end, it is largely worked on Corridor 11, which is important for regional development. It was recently opened the highway Ljig-Preljina on Corridor 11. The value of current infrastructure projects in Serbia is \$ 4 billion.

It was signed a commercial contract on the construction of the Belgrade-Budapest railway

In addition, it was signed the Memorandum on financing of the entire project on the territory of Serbia. Commercial contract for the first phase from Belgrade to Stara Pazova is worth \$ 319 m. The project is financed by Chinese Exim Bank, and the funds obtained from the loan will allow construction of a railway line on which the trains will move up to 200 km/h, and by which the time to Budapest will be shortened to less than three hours.



GLOBAL AND DOMESTIC MARKET

Due to slower growth in world trade activity in the second quarter of 2016, it is expected that the growth rate of world trade in 2016 will amount to 1.7%. Taking this into consideration, even though the international transport will record a lower growth than expected

However, it should be noted that international transport recorded an upward trend since the beginning of 2016, both globally and in the US (the greatest player in the sector), because in addition to trade, the growth of which was positive but slow, the increase in the volume of transport is affected by the movement of oil prices, as well as development of tourism and general consumption of the population.

The highest share in the transport sector at the global level is the one of the USA

And it is, therefore, relevant to monitor the movement of the index that measures the frequency of freight forwarding in the country. The so-called ATA index, which measures the volume of goods transported by trucks decreased by 5.8% in September. Following the trend of growth recorded in the first eight months of the year, the index declined in September as a result of typical seasonal effect. However, it is expected that the index will remain at a low level until the end of the year, due to low economic activity both in the USA and in the world.

Global car sales increased by 10% in September of the current year in comparison to the same month of the previous year

Purchase of cars is the most increased in Asia, i.e. by 21% when compared to the previous year. The growing demand for cars has been contributed to mostly by China, where sales increased by 32%. The growth of demand in China was caused by a decrease in losses on the market for the purchase of cars, which is up-to the end of the year. The cause of the growth in car sales is, generally speaking, improved labor market conditions. For example, in OECD countries the unemployment is at its lowest level since the global economic crisis. Also, there was an increase in living standards in the least developed countries, as well as the general reduction of inequality in the world, which is a further positive impact on car sales.

Road traffic substituted the railway traffic, due to lower fuel prices

Railway traffic in 2016 is being increasingly substituted by road traffic, given that, due to lower fuel prices it was increased the profitability of car transport of people or trucks transport of goods. The volume of goods transported by road and rail traffic in Serbia in the first half of the current year compared to the same period of the previous year recorded a growth of 10.6%. While road traffic recorded a growth in the transport of goods, the volume of goods transported by rail has declined.

When it comes to airline passenger traffic, there is a global increase of 6% in the current year compared to the previous year

The cause of the growth is the increased number of transport capacity of the aviation industry due to low oil prices. Airlines transferred the profits from lower fuel prices, due to competitive pressures, to consumers through lower prices in air tickets. It is estimated that the lower prices of air tickets shall contribute to increasing global consumption of 1% of world GDP, and that the Governments of countries in the world will earn about \$ 118 billion in additional tax revenues, while related activities shall open 63 million jobs at the global level. Number of passengers transported in air traffic is growing in all regions of the world except in the EU, where the terrorist attacks in some cities reduced the number of trips. Unlike global level, air transport sector in Serbia has a falling trend of transported passengers. Number of transported passengers decreased in the current year by about 20%.



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