CHAMBER OF COMMERCE AND INDUSTRY OF SERBIA

1857

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TRANSPORT

SECTORIAL OVERVIEW SEPTEMBER 2016

TOP NEWS

The lifting of international sanctions against Iran not only influenced production in this country to be doubled and oil prices to go down, but it also had a positive effect on automotive industry

European Renault entered the Iranian market where it will start manufacturing two models by 2018.

After the Volkswagen (VW) emissions scandal, stricter regulations on exhaust emissions have been adopted

European authorities adopted stricter regulations after VW was found to have used software that made it possible to cheat on emissions tests.

European leader in the transport and logistics sector

Middlegate Europe keeps achieving noteworthy business performances and growth in the sector. Last month the Company secured, in a way, its business for the next three years by signing a contract worth 7 million euros. The contract refers to the consumer products market, where products from Germany, France and Belgium will be distributed to the British Isles.

In the transport sector, Brexit will cause new expenses, limitations and bureaucratic requirements related to freight transport to and from the EU

For this reason, the freight forwarders association sent a request to the UK Government (UK) to minimize additional procedures that will impact the increase of costs in international freight transport. The UK Government has 2 years to enact new rules for freight transport. However, regulating the international road transport will be impeded, because the customs limitations for cross-border movement of goods in the UK were last used 25 years ago. UK officials assure that even with the decision to leave the EU, this will certainly remain the biggest export market and the biggest market for imports, and that bureaucratic procedures will not be allowed to impede or add extra burden on the efficient movement of imports and exports.

Paradox: electric car boom in the world may increase air pollution

The European Environment Agency warned that the use of electric cars could increase pollution if electricity from coal would be used to charge the cars.

Range Rover, the biggest UK car manufacturer is concerned about leaving the common EU market after Brexit

Top management of the company think that leaving the EU would turn the business uncompetitive, and would bring into question the job sustainability in the company.

Chinese Tlanqi threatens to become the largest metal producer among companies in this sector

The mentioned company exploits lithium needed for batteries used in smart phones and electric cars. By this China wants to ensure a high rank in the value chain when speaking of the electric car manufacturing industry.

British Stagecoach affected by the drop in oil prices

Shares of this British company recorded a drop at the end of the third quarter of this year, since the railways have been used less due to the drop in oil prices. Low fuel prices influenced the substitution of railways and buses with cars, which directly affected the Company's income, also influencing the drop of profit.

DESCRIPTION

The key driver in the transport sector is international trade. International trade trends can help in forecasting and analysing the dynamics of international transport

Considering a slower growth in the global trade activities in the second quarter of 2016, the global trade growth rate is expected to be 1.7 in 2016. With respect to that, international transport, too, will record a lower growth than expected. However, it is to note that international transport has seen an upward trend since the beginning of 2016, both worldwide and in the United States (as the biggest player in the sector), as, in addition to trade with a positive, yet slower growth, the increase in transport volume is also influenced by the oil price trends, and the developments in tourism and consumption in the general population.

The biggest share in the transport sector on the global level is kept by the United States

which is why it is relevant to monitor the index measuring the freight forwarding frequency in the U.S. The so-called ATA index that measures the volume of goods transported by trucks increased by 5.7 % in August, recording the upward trend since the beginning of this year.

The global car sales went up by 8 % in August this year comparing to the same month last year, i.e. by 6 % comparing to last year's average

Demand for fuel, as an indicator of growing car use and sales, had the largest growth in the U.S., India and China. Globally, the car sales growth and the car demand growth resulted from better conditions in the labour market. For instance, in the OECD countries the unemployment rate is at the lowest level since the start of the global economic crisis. Also, the living standard rose in the least developed countries, and the inequality in the world reduced in general, which had additional positive effects on car sales.

Road transport substituted rail transport, because of lower fuel prices

Rail transport in 2016 becomes more and more replaced by road transport, since the cost-effectiveness of passenger transport by car or freight transport by trucks has increased due to lower fuel prices.

The volume of goods transported by road and rail transport in Serbia in the first six months this year records a growth of 10.6 % comparing to the same period last year

While road transport sees growth in freight transport, the volume of goods transported by rail has declined.

As for air passenger transport, there is a global growth of 6% this year comparing to last year

This is caused by increased transport capacities in the airline industry, due to low oil prices, which is the main factor in air transport. Because of competitive pressures, airliners transferred the profit from lower fuel prices to customers, through lower cost fares. Lower airfares are estimated to add to an increase in global consumption of 1 % of the world GDP, due to the global increase in personal consumption. Because of expansion in air transport, the world governments will earn about 118 billion USD in extra tax revenues, while the related businesses will create 63 million jobs on the global level. Unlike on the global level, air transport in Serbia records a downward trend in the number of transported passengers. The number of transported passengers has dropped this year by about 20 %.

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