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SECTOR OVERVIEW DECEMBER 2016



TOP NEWS

Fiat-Chrysler invests 1 billion \$ in the USA and creates 2,000 new jobs

The heads of companies point out that abovementioned decision is not connected to pressures of newly elected president Donald Trump that the biggest world car producers should increase production activities and number of employees in the USA, not Mexico.

Due to the president's pressure, Ford gives up on investment

Abovementioned campaign of American president influenced the change in strategy of Ford. Actually, the company shifts its investment which was aimed at opening a factory in Mexico to opening a factory in Michigan. Investment is worth 700 million \$.

Waymo, a car created and made by Google, will not have 24h a day access to Internet, in order not to be hacked

Waymo is a self-drive car (a car that does not need a driver) and one of the most innovative products in this sector. A car will in specific moments be connected to external world by Internet, but not all the time. The reason for that is Cyber safety. Actually, components of a vehicle communicate with each other by central system, so there is a potential for hackers to access a vehicle through some specific channels and take over a control of critical functions like breaking and steering.

Volkswagen pleaded guilty and paid 4.3 billion \$ for pollution

VW, which used software for welding during a test for emissions of harmful gasses, pleaded guilty and agreed to pay penalties. Although it was initially assumed that the scandal had nothing to do with the senior management, the US court proved that the conspiracy was carried out by lower-level management, but under the pressure of superiors.

First 1000 Tesla's auto-pilots placed on market

An enhanced auto-pilot is what the company Tesla calls „the first phase“ towards a completely self-driving car, which is the ultimate goal. Technology used in this car production is similar to technology used in airplane production. This is actually referred to the need that drivers must still have the responsibility for driving the car, but at the same time using advantages of auto-pilot.

Company Reno entered into two contracts with an Iran-based Aria Dizel motors on truck imports

The first contract covers import, distribution and sale of Reno trucks, while the other refers to industrial cooperation. The other contract actually involves installation of specific Reno models in factory in Iran. The contract is the result of the aim of Reno company to make a 15 % market share on the Iran's market. Cooperation between these two companies lasts for 10 years and is constantly improving.

Scania has developed a new electrical hybrid bus, and invests in making trucks that will have autonomous management

Scania will use new electrical bus for city traffic, first in Sweden, with the aim to reduce pollution in urban areas. This is the first project of this kind in Nordic area, where Scania works together with another big player - Volvo. The second investment, which is related to making trucks with autonomous management, is built on development of the company's technology. The heads of the company think that autonomous vehicles are cornerstone for further sustainable transport development.



GLOBAL AND DOMESTIC MARKET

Compared to the growth of GDP, world trade has been slowed down from 2012 until today. It is estimated that the growth of the world trading activities in 2016 was 1.7 % which did not follow the GDP growth of 2.5 %. Due to that, 2016 will be remembered for the slowest trade growth since the financial crisis

However, despite the slow growth of international trade (measured by global import of goods and services), international transport records rise since the beginning of 2016, both on the global level and in the US (the biggest player in the sector), because besides trade whose growth was positive but slow, the increase of transport the price of oil also affects, as well as trade development and growth of general citizens' consumption.

ATA index that measures the volume of goods transported by trucks in the USA increased by 8.2 % in November.

Due to the USA having the largest role in transport sector at global level, it is relevant to follow the index movement that measures frequency of shipping in that country, which is the ATA index. After growth tendency during the first eight months of the current year, the index decreased in September and October, but after that it continued its growth. It is expected that the abovementioned index will keep on increasing in 2017 thanks to growth of retail sector and real estates.

After the growth of 5 % in October 2016 compared to the same month of the last year, global car sale continues its growth in November

Car purchases recorded the biggest growth in Asia. China contributed the most to the growth of interest in cars, since the sales in that country increased to above 20 %. The primary cause of this growth was the reduction in sales tax for car purchases, which was present until the end of 2016. On the global level, the main cause of the growth in car sales was the improvement of conditions on the labor market. For example, in the member countries of OECD, unemployment is at the lowest level since the world economic crisis. Also, there was an increase in living standards in the least developed countries, as well as general reduction of inequalities in the world, which made an additional positive impact on car sales. It is expected that the global car production will increase to 100 million until 2020, which is a significant growth compared to produced amount from the previous year which was under 70 million vehicles.

Road traffic substituted the rail traffic because of the lower fuel price

Namely, rail traffic in 2016 was to a large degree replaced by road traffic, because the lower fuel prices contributed to increase of profitability of transporting people by cars or goods by trucks. The amount of goods transported by rail traffic in Serbia has insignificantly decreased in the first three quarters of 2016, while the amount of goods transported by road traffic increased.

When it comes to airline passenger traffic, there was a global growth of 7 % in 2016 compared to the previous year

The cause of growth is the fact that due to lower oil prices airlines across the world invested in additional transport capacities, but they also lowered ticket prices for passengers. Despite this fact, airlines manage to make positive net profits. It is estimated that lower ticket prices will contribute to increase of global consumption equal to 1 % of the world GDP and that the governments around the world will earn around 118 billion \$ in additional tax revenues, while in the connected sectors 63 million new jobs will be created at the global level. Number of passengers transported by airplanes is increasing in all regions in the world, especially in December because of the holidays. The volume of passenger traffic at airports in Serbia grew by 47% in 2016 compared to the previous year.



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