

(Subtopics: road transport – functioning & technological impact / digitalisation. Logistics and multimodality - technological impact / digitalisation.)

Perspectives from road transport on the opportunities and challenges of the pandemic

As the world road transport organisation, IRU represents more than 3.5 million road transport operators around the globe. As the lifeblood of global trade, road transport is the critical link to unlocking international prosperity. With this in mind, we use data from our dedicated market intelligence team to inform our advocacy work, making the voice of the industry heard so it can play its vital role in global supply chains.

Trade facilitation is at the core of our work. Under a United Nations mandate, IRU manages TIR, the only global transit system and an important trade facilitation tool. Governed by the [TIR Convention](#) and operational in 60 countries, TIR provides customs guarantees, enabling goods to flow easily, securely and reliably across borders. The digital version of the system, eTIR, is entirely paperless, making it even more streamlined and secure.

COVID-19 and the road transport sector

IRU has a global network of members in the road transport sector, with whom we have been in close contact throughout the pandemic to build a picture of its financial and operational impact. We can confirm that the global economic slowdown caused by the pandemic has greatly affected the road transport industry. In addition, the transport restrictions put in place by governments to control the spread of the virus have disrupted mobility networks and supply chains. According to IRU research, global goods transport losses are expected to exceed USD 679 billion in 2020, a turnover loss of 18% in comparison to 2019.¹

Commercial road transport operators have maintained services where possible, despite an often higher cost base due to transport, routing and delivery restrictions. Many road transport businesses have managed to survive up to now, but anecdotal evidence from IRU members and research from our market intelligence team indicates that they will not survive much longer without financial assistance. Following this concerning discovery, IRU assessed two key sets of financial indicators that provide an early warning on the risk of business default and insolvency. Both point to an approaching wave of bankruptcies in the road transport sector over the coming year,² which would have a devastating effect on global supply chains and trade networks. Road transport operators in all regions, including the

¹ IRU: [COVID-19 Impact on the Road Transport Industry - Update November 2020](#).

² Ibid.

Western Mediterranean, are facing a high or very high risk of defaulting on loans. This would lead to a deterioration in their creditworthiness, which in turn would increase their cost of borrowing, particularly for vehicles.

In spite of a bleak outlook for road transport companies, governments have failed to act. While many administrations have implemented support measures for businesses, IRU analysis of government measures in 79 countries, including France, Italy, Malta, Morocco, Portugal, Spain and Tunisia, revealed that very few transport operators benefitted. This lack of action shows the extent to which the importance of the road transport sector is underestimated. However, without it we would not have the essential goods and services we need to survive. Over 80% of commercial land transport of mobility and logistics services (in tonne-kilometres and passenger-kilometres) are provided by the road transport industry.

During the pandemic, the road transport industry played a key role, delivering medical and other essential supplies throughout the Western Mediterranean and around the world. Drivers put themselves at risk to keep goods moving and serve their communities under increasingly challenging conditions. Restrictions and reduced demand have led to a serious liquidity crisis in road transport. Operators desperately need targeted financial and non-financial support measures from governments if they are to survive. Such measures include direct cash grants, reductions in taxes and charges, extensions on loan repayments, support for unemployed workers and greater flexibility on the interpretation of driving rules and restrictions. It is vital that governments implement these measures to prevent mass bankruptcies and job losses.

Global economic and social recovery from the pandemic is dependent on a well-functioning road transport sector, which in turn depends on millions of road transport operators staying in business and continuing to run services for their clients. It is urgent that governments act accordingly. If no support is provided to the road transport sector, mass insolvency of road transport companies is inevitable. As a result, the global recession will be more devastating and longer than currently predicted, people and essential goods will not be transported to where and when they are needed and economic development and recovery will come to a standstill.

Opportunities for a more digital sector

While the overall impact of COVID-19 is undeniably negative, the response to the pandemic presents governments and the transport industry in the Western Mediterranean with an excellent opportunity to improve transport networks and strengthen logistics chains. The crisis revealed the shortcomings in regional supply networks and highlighted the necessity of effective risk management. Flexibility, adaptability and the use of digital tools will be key to survive and remain competitive in a post-pandemic trading environment. Fundamental changes to business processes are encouraging digital innovation, as

a value chain based on digital solutions is more reliable and able to mitigate all types of risk. It is therefore the ideal moment for governments to implement paperless and simplified procedures for road transport operations.

IRU's eTIR system and e-CMR digital consignment note are two tools that have received widespread recognition for their potential to support economies through recovery from the COVID-19 crisis. In April, the United Nations Secretary-General said that, "innovative tools such as UN eTIR/e-CMR systems and other tools that allow to exchange electronic information without physical contact and facilitate the flow of goods across borders should be used".³ A few months later, the heads of eight United Nations specialised agencies, including the United Nations Economic Commission for Europe (UNECE) and the United Nations Conference on Trade and Development (UNCTAD), released a joint statement in which they affirmed that "a safe and efficient intermodal transport system is facilitated by the use of United Nations instruments, such as the United Nations TIR Convention and its eTIR system [...]. These instruments allow for moving cargo across borders without requiring physical checks and for reducing contact between people".⁴

Paperless systems have obvious short-term public health benefits in terms of reducing human contact and preventing the spread of the virus, but digitalisation also carries economic benefits and a range of related opportunities to facilitate intermodal transit and trade. Logistics operators are suffering financially and streamlining customs procedures with tools such as eTIR will reduce transport times, cutting costs and helping them to manage the business impact of the pandemic. eTIR can be used for intermodal transport operations between Europe and North Africa, as long as at least one leg of the itinerary is carried out by road. This flexibility makes it an extremely useful trade facilitation tool and ideal for use in the Western Mediterranean region.

Another digital tool to be leveraged to boost trade during and following the pandemic is the e-CMR digital consignment note. Rules for transporting goods internationally are covered by the [United Nations Convention for the carriage of goods](#), known as the CMR. This Convention has been ratified by most European states, as well as several other countries, including Morocco and Tunisia. Goods companies, drivers and those receiving shipments use a CMR consignment note, which presents information about the shipped goods and the transporting and receiving parties. Until recently, CMR notes were only in paper form, but an electronic format has been in development since 2008. Western Mediterranean countries have spearheaded the use of e-CMR electronic consignment notes, with the first shipment

³ United Nations: [Shared Responsibility, Global Solidarity: Responding to the socio-economic impacts of COVID-19](#). March 2020.

⁴ [Joint statement on the contribution of international trade and supply chains to a sustainable socio-economic recovery in COVID-19 times](#).

using e-CMR taking place in January 2017 between Spain and France. In its paper-based format, the CMR consignment note brings many benefits: it harmonises contractual conditions for goods transported by road and helps facilitate goods transport overall. A wider implementation of the e-CMR solution would modernise the system, retaining its benefits while removing paperwork and the related costs. It would also allow for faster invoicing and a reduction in delivery and reception discrepancies, as information is available to all parties in real time. Its digital nature means that e-CMR can be easily integrated with other services used by transport companies, such as customs declaration or transport and fleet management services. By moving to an electronic format, the three parties involved in each shipment benefit from better overall logistics efficiency, resulting in increased economic competitiveness.

Transport digitalisation has been high on agendas for some time, and even before the pandemic it was progressing steadily. In February 2008, a protocol was added to the CMR Convention introducing the electronic management of CMR through e-CMR. This protocol entered into force on 5 June 2011, and to date 17 countries have acceded. In February of this year, a landmark was reached when signatories of the TIR Convention unanimously adopted the new legal framework that will power the future of TIR and its fully digital eTIR system. eTIR will replace the paper TIR carnet, which serves as a customs guarantee and accompanies a shipment throughout its itinerary. With eTIR, customs officials receive cargo information electronically before the shipment arrives, making procedures more efficient and secure. The adoption of the legal framework for eTIR demonstrated the backing by governments and industry leaders of TIR as the only global transit system and a valuable and competitive tool to facilitate trade worldwide. It also represented a positive step towards trade facilitation and increased transit security. With the international legal frameworks in place, these tools are ready to be implemented in the Western Mediterranean, which would bring significant benefits to transport operators and other stakeholders in the supply chain.

For transport operators, the financial guarantees provided by TIR help to reduce the financial commitments and risks related to customs tax and duties. Digitalisation and the shift to eTIR will further reduce these risks, as it provides a robust and secure communication platform for all parties involved in TIR transport. The full life cycle of a TIR guarantee, from its issuance by IRU to its termination, can be controlled in real-time with the use of TIR IT tools. According to Olga Algayerova, the Executive Secretary of UNECE, “The digitalisation of the TIR system will enhance the speed, efficiency and transparency of the TIR customs transit procedure. UNECE, IRU, the TIR Contracting Parties and the private sector all recognise this potential.”⁵ TIR is proven to reduce journey times by up to 72%⁶ and

⁵ IRU: [The future of TIR is digital](#).

⁶ IRU: [TIR cuts transport times between Saudi Arabia and Oman by 72%](#).

eTIR is set to reduce them further, cutting costs for operators. Shorter transit times and lower costs will facilitate trade, helping to restart the global economy following the pandemic and supporting long-term economic growth.

In the Western Mediterranean, the intermodal functions of TIR make it the perfect trade facilitation tool for operations between Europe and North Africa. Algeria, France, Italy, Malta, Morocco, Portugal, Spain and Tunisia are already TIR operational. Tunisia has joined an upcoming UNECE eTIR pilot project, showing dedication to modernising its transport systems and an interest in trade digitalisation. TIR is already in use for routes from France and Italy to Turkey, eliminating the need for physical cargo inspections along the route.

Multilateral cooperation for more resilient supply chains

Another opportunity to be grasped during the pandemic relates to greater global and cross-border coordination. The chaos caused by travel restrictions at the start of the pandemic, and the continuing issues during the second wave, revealed a genuine and pressing need for greater coordination between governments. For transport operators, it is currently complicated to comply with the wide variety of restrictions put in place by different countries. This slows down the delivery of essential goods, leading to shortages for communities and financial difficulties for operators, who are unable to work at their usual rate.

IRU recommends Western Mediterranean governments to coordinate the establishment of green lanes for trucks at all borders, backed by policies and procedures that prevent additional and systematic stopping of trucks. Governments should take joint steps to allow for maximum flexibility on the interpretation of driving rules and restrictions. Measures to prolong the validity of expired control documents, including visas, certificates and licences could also be coordinated between countries. Establishing such multilateral cooperation now would have lasting economic benefits and make supply chains more resilient to future crises.

As transport digitalisation progresses, cooperation between governments will also be important to manage effectively the huge amount of data produced. There is currently no international or European legal framework specifically for regulating the use of business-to-business data. Transport operators have no visibility regarding where their data is stored, how it is used and by whom. Their consequent hesitancy to share data will slow down digitalisation, preventing us from reaping its benefits. To establish trust and data fairness, a multilateral legal framework is needed that explicitly includes the principles of the voluntary sharing of data and reciprocity in data access. The obligations and responsibilities of data aggregators must be clearly defined, along with the rights of data generators. Transport operators must be able to ask for and receive remuneration for the data they provide. Without

coordination between governments, operators and data aggregators will have to work with a patchwork of national regulations, complicating their work with a detrimental effect on digitalisation efforts.

Looking to the future

The digitalisation of trade and transit networks in the Western Mediterranean cannot be successful without a high level of cooperation between countries. As supply chains are digitalised and paperless transactions become the norm, political engagement and mutual trust will be essential. Governments should take a policy approach, implementing short and long-term measures to support the development of the transport sector and protect the supply chains upon which economies rely.

We can expect to see the benefits of digitalisation for economies and societies. Processes throughout the value chain will be more efficient, saving both time and money. This will mean goods arriving where and when they are needed. IRU has been supporting digitalisation around the globe, with several ongoing projects on different continents. We stand ready to help countries in the Western Mediterranean to implement the eTIR system to facilitate trade during and following the pandemic. However, if governments do not provide the necessary support now, the road transport industry will crumble, removing vital links in supply chains.