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Economic Commission for Europe

Inland Transport Committee

Working Party on Transport Trends and Economics

Twenty-seventh session

Geneva, 8–10 September 2014

Item 8 (c) of the provisional agenda

**Review of the transport situation, transport trends and economics in ECE region –
Transport Trends and Challenges in the road sector**

Economic Development in the Road Transport Sector

Transmitted by the International Road Transport Union

Economic Development in the Road Transport Sector

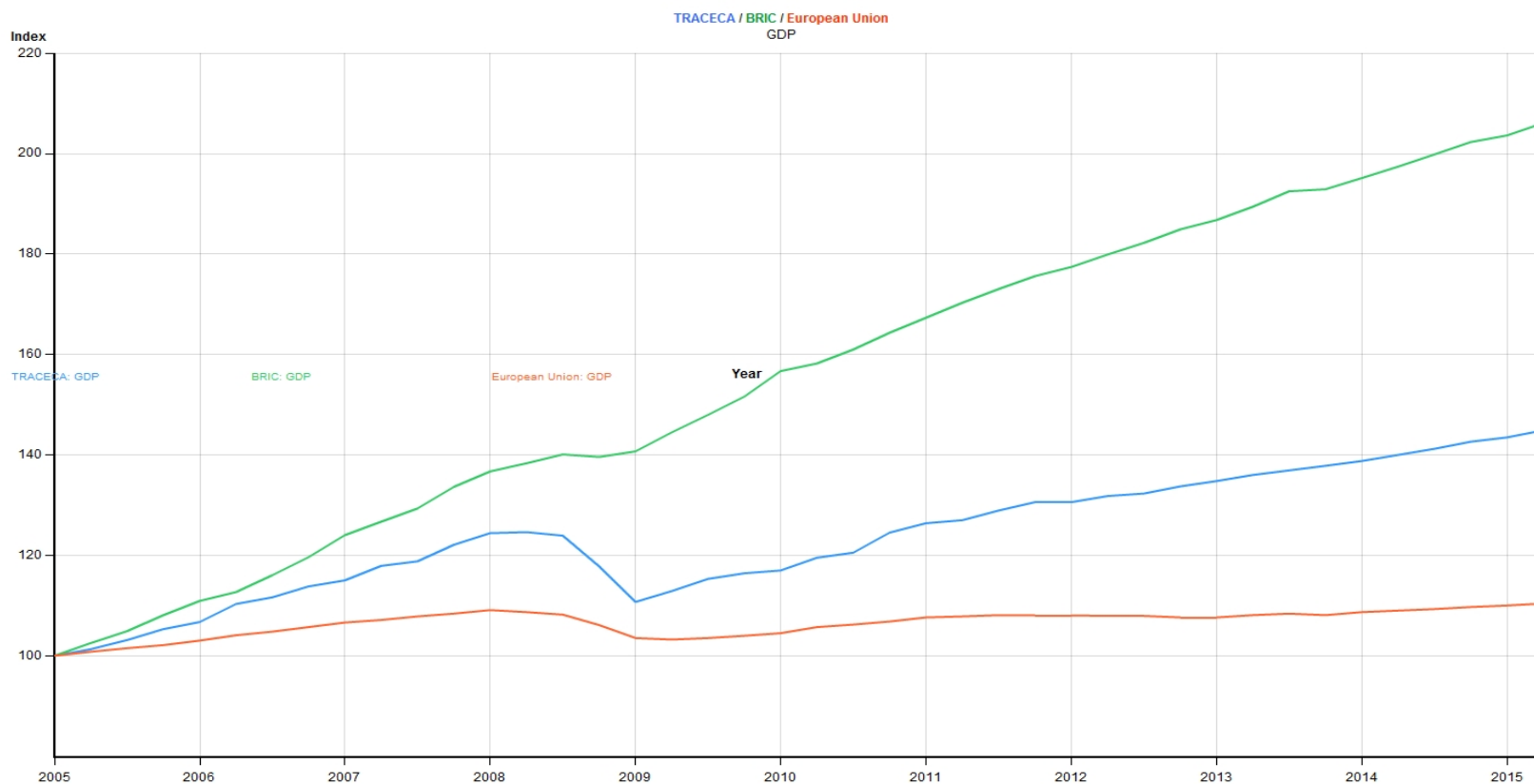
Country focus: Russian Federation and Ukraine

Geneva, 8-10 September 2014

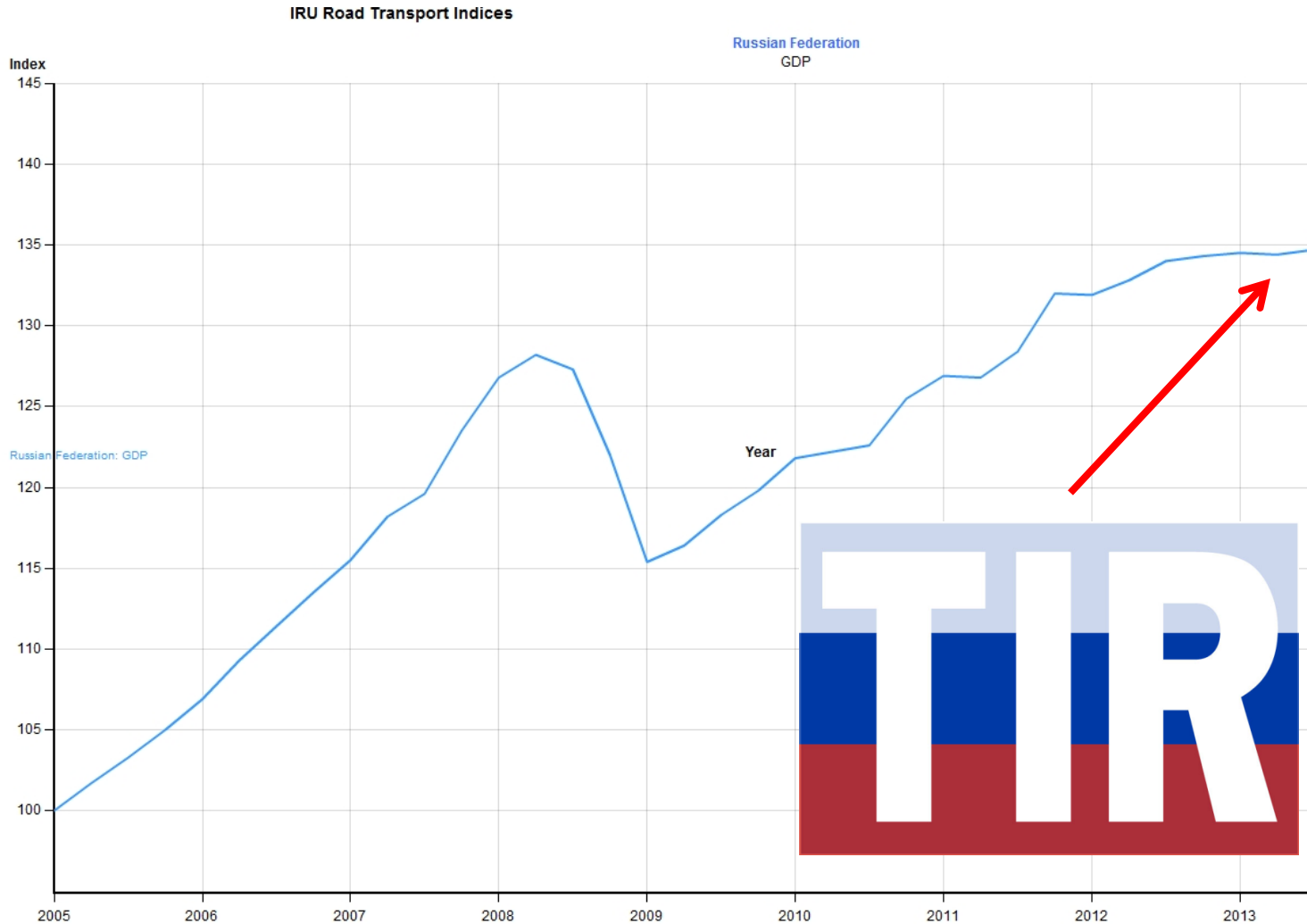
Economic overview –



The IRU Road Transport Indices 2014



Russian Economy is idling! The Ruble is devaluating!



The Russian Federal Customs Service breached national and international law in July 2013 by unilaterally restricting the TIR System in Russia.

Worrying signs of legal uncertainty and worsening business climate for companies!

- 4 Independent Scientific Studies by:
- Russian Higher School of Economics
- Copenhagen Economics
- NII TK – Kazakhstan
- BeINIIT TRANSTECHNIKA – Belarus
(Ministry of Transport)

**All confirm considerable economic losses
due to non-application of the TIR System**

- *Additional guarantees per vehicle*
from 83 USD to **2,574** USD
- *Costs of mandatory additional services*
factor 1:1 up to **1:2**
- *Direct economic costs*
up to **2.2** billion USD per year

Increased administrative burden

Transport operators must spend up to **25% more time on administrative work** related to handling the guarantee and associated services



Financial risk increased

The liability is wholly on transport operators who are now directly responsible for any infringement. This means that they must develop and **block additional financial reserves which cannot be used for investments**

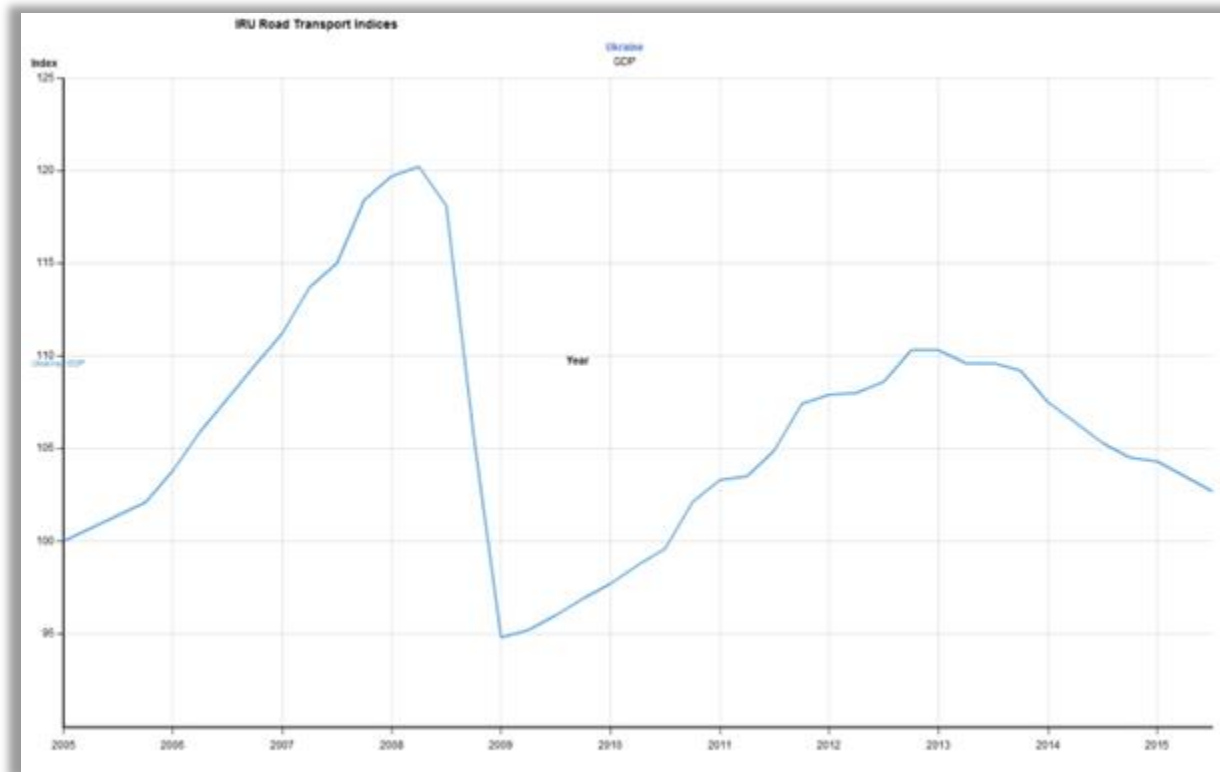


In the years to come the potential annual loss related to non-payment of Customs duties could reach **6 billion USD** in cases of 5% of infringement

It is imperative for competent authorities to take swift action and reinstate TIR in order to avoid a lose-lose situation, so that the Russian economy, and more importantly Russian citizens, are not forced to pay the consequences

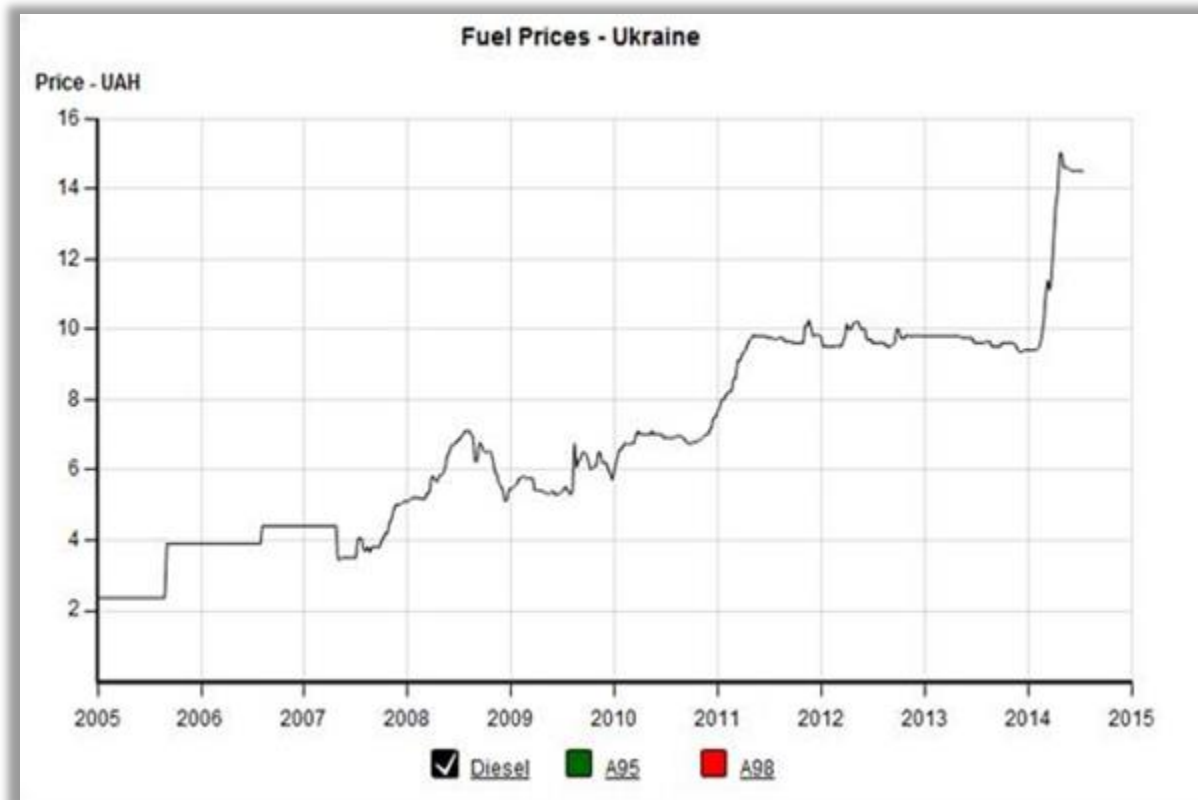
Double dip recession

-4.4% in GDP



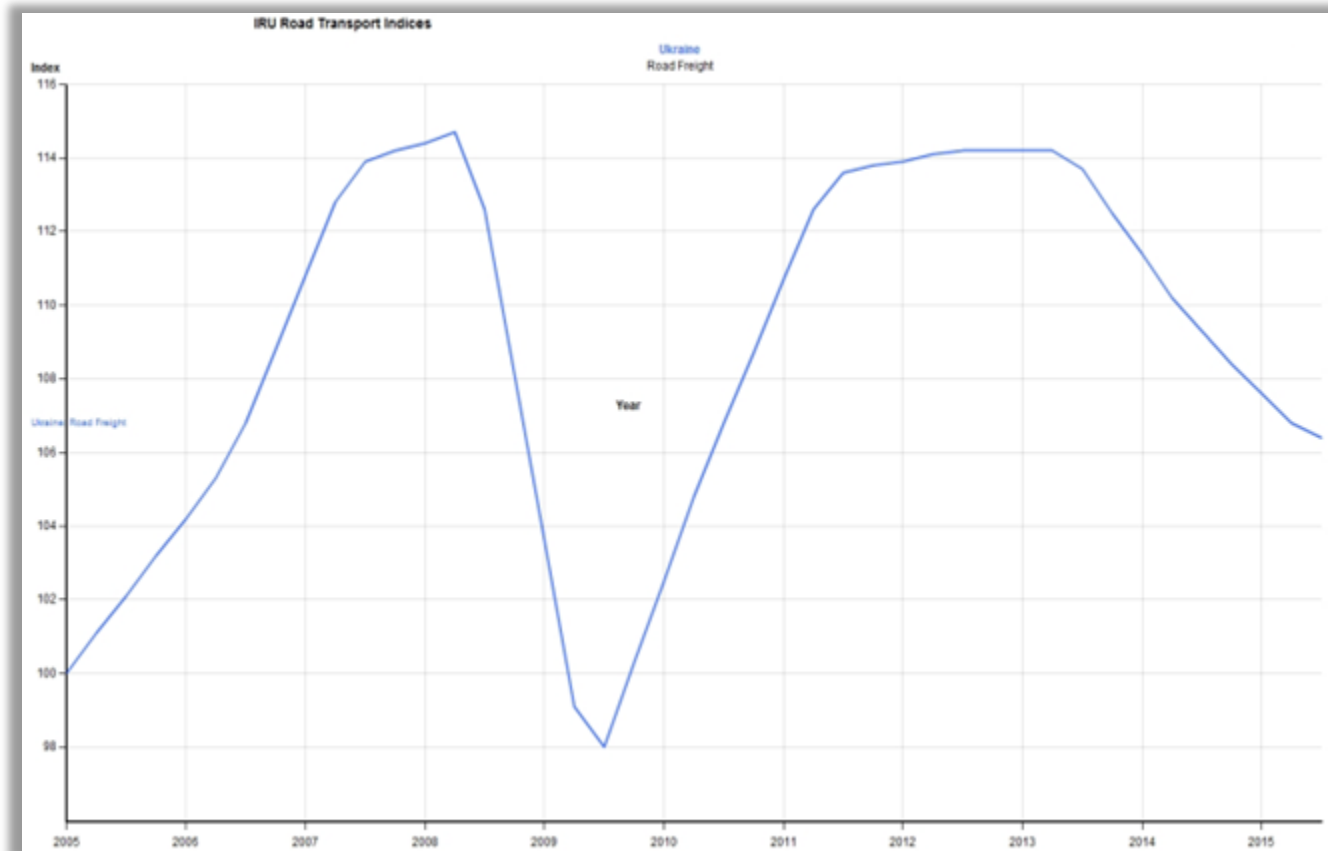
Sharp increase in fuel price

+ 56%



Decline in transport performance

-28% of transported tonnes



Limited infrastructure access

4 key bridges destroyed



Impact of the Ukraine crisis



on logistics operations

Uncertainty at border crossings

-90% TIR carnets in first 6 months of 2014



The **import** of almost all food stuffs from the EU and Norway into the Russian Federation **has been banned**.

Initial estimates suggest that **cross border transports have been reduced by 15%** as a result of the ongoing situation.

Import ban on cars is next???

