

Relaunching transport and tourism in the EU after COVID-19

Part V: Freight transport



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The COVID-19 pandemic put a strain on the freight transport sector. **International trade fell by 19% in the second quarter of 2020** compared to the year before, displaying the crisis experienced by the freight sector. **Goods flows** were not only **impaired** by **border closures** but also by the **supply chain disruptions** caused by **lockdowns**.

Main observations

As far as the outbreak of COVID-19 on the freight transport sector is concerned, the **maritime and aviation sectors were hit the hardest by the pandemic**. The

closure of ports and **shortages in seafarers** worldwide paralysed freight transport by ocean. The **aviation sector was similarly slowed down by airports shutting down and border closures**. A significant number of air transport

companies converted passenger aircrafts into cargo aircrafts to accommodate the rising demand in goods transport. Despite this strategic initiative, **the recovery of air flights has not outpaced the effects of airport closures and grounding of aircrafts during the pandemic**.

In contrast, **road and rail freight transport have performed relatively better** compared to freight by other modes. Whilst the share of rail transport remains small in contrast to road transport, **in 2020 rail freight operations continued almost without interruptions, notwithstanding lockdowns and restrictions**. Urban deliveries experienced, on the one hand, **a substantial increase in revenue due to the growth of e-commerce**. On the other hand, **the increase in demand was not met with sufficient capacity by logistics**

operators in the short term, resulting in delays and disruptions.

To relieve some of these burdens from the freight transport industry, the EU undertook a series of initiatives. Apart from substantial fiscal measures to support the sector, the **"Green Lane" initiative** was pivotal in ensuring **the continuous flow of essential goods by road transport** through border crossings between EU Member States. **This measure has now been extended to include other modes of transport too**. To address constraints on rail freight, the EU has temporarily suspended some administrative requirements related to access charges and certification.

The situation faced by **air transport operators** was improved by **waiving certain administration-related conditions** and slot obligations.



In the **maritime sector**, the EU primarily focused on the **repatriation of seafarers**, enacting guidelines to guarantee the workers' protection and support while they were stranded away from home due to border closures.

The crisis generated by the pandemic accelerated and intensified several ongoing trends in the freight transport sector. On a **positive note, the digital transformation of the industry has remarkably accelerated**, resulting in more automation and less human contact, which improved hygienic conditions and efficiency in the transport chains in the short term.

The study

provides with an overview of the repercussions of the COVID-19 pandemic on the EU freight transport, as well as policy recommendations to address the challenges emerging from the crisis.



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It also allowed for more resilience in the sector against disruptions.

The lockdowns implemented in cities across the EU generated a **drastic increase in demand for e-commerce**, which prompted many physical stores to also open online stores to remain active. This contributed to the surge of new kinds of services, such as the 10-minute delivery service. The growth in urban deliveries also induced demand for parcel lockers, pick-up and drop-off points, and alternative vehicle types, such as cargocycles, which may improve the industry's sustainability in the future.

At the same time, COVID-19-related disruptions to freight transport negatively affected the industry. For instance, **worldwide lockdowns resulted in more trade regionalisation.** This phenomenon impairs the international flow of goods, decreasing worldwide trade and making the supply chains more vulnerable and costly. **The establishment of freight corridors should work against trade regionalisation and, hopefully, will continue to play a crucial role in reducing transport barriers and encouraging trade development.**

Conclusions and policy recommendations

The impacts of COVID-19 on freight transport can be tackled by recommendations targeting the most important stakeholders.

Firstly, **digitalisation should be favoured** due to its surging importance for guaranteeing higher efficiency with fewer face-to-face contacts. **Adoption of innovations, such as information and communication technologies (ICT) and increased data-sharing** among companies, can provide a solid springboard to grow companies' resilience.

State aid guidelines should also be revised to support the recovery and growth of the transport sector without distorting competition. For example, rail freight transport may only face road freight competition if it develops in a market-forces driven environment.

EU policy makers **should keep some of the guidelines and protocols introduced in the Green Lanes initiative**, such as the fast-track procedure for TEN-T border crossings, with the objective of decreasing regulatory burdens for transport operations and guaranteeing the international free flow of goods.

The shortage of truck drivers may be tackled through policies to increase the attractiveness of the road freight transport labour market.

Key areas for EU action

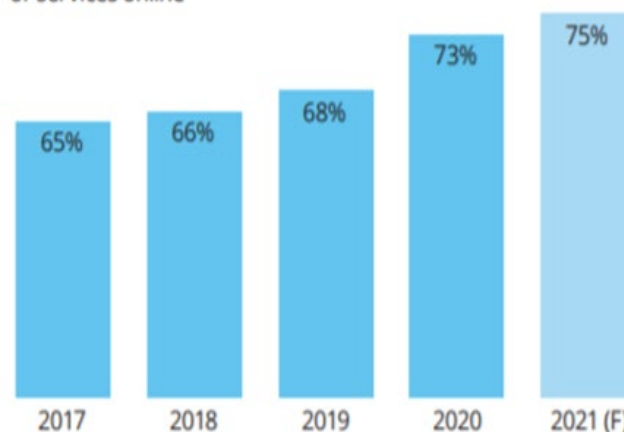
1. Digitalisation should be favoured
2. State aid guidelines should also be revised to support the recovery and growth of the transport sector
3. Keep some of the guidelines and protocols introduced in the Green Lanes initiative
4. Decreasing regulatory burdens for transport operations and guaranteeing the international free flow of goods
5. Policies for urban and rail transport at the city level should be harmonised

Finally, policies for **urban and rail transport at the city level should be harmonised** with those regulating the regional and national levels. This would provide a coherent legal framework, reduce unpredictability, increase city resilience and provide legal certainty for companies intending to work with intermodal transport.

Fig: Online shoppers in EU-27

E-SHOPPERS IN EU-27 COUNTRIES

Percentage of internet users that bought goods or services online



SOURCES: EUROSTAT; NATIONAL E-COMMERCE ASSOCIATIONS; STATISTA

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The present note is based on the study *Relaunching transport and tourism in the EU after COVID-19 PART V: Freight transport* authored by: PANTEIA: Maria RODRIGUES, Tharsis TEOH, Emilia SANDRI, Università degli Studi Roma Tre: Edoardo MARCUCCI, Giacomo LOZZI, Valerio GATTA

Publication: January 2022. © Image on page 1 used under the licence from Adobe Stock

Contact: Poldep-cohesion@ep.europa.eu; Further information: www.research4committees.blog/TRAN. Follow us: @PolicyTRAN

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