

For a world
in motion



COVID-19 Impact on the Road Transport Industry

Update: June 2021

IRU Intelligence Report

Update including:

- Purchasing Managers' Index by sector
- Revenue forecasts for 2021
- Insolvency indicators for 2021

June 2021

Introduction

Commercial road transport operators, in both mobility and logistics, continue to be severely impacted by COVID-19. This is primarily due to social, sanitary and mobility restrictions put in place by governments to help control the pandemic, coupled with the consequent overall economic downturn in some sectors.

Both passenger and goods transport are forecast to lose revenue globally in 2021. While goods transport losses

are expected to be half of 2020 levels, passenger transport losses are forecast to be even higher than last year.

This report updates IRU's two previous reports on the impacts of COVID-19 on the commercial road transport sector, from June and November 2020.

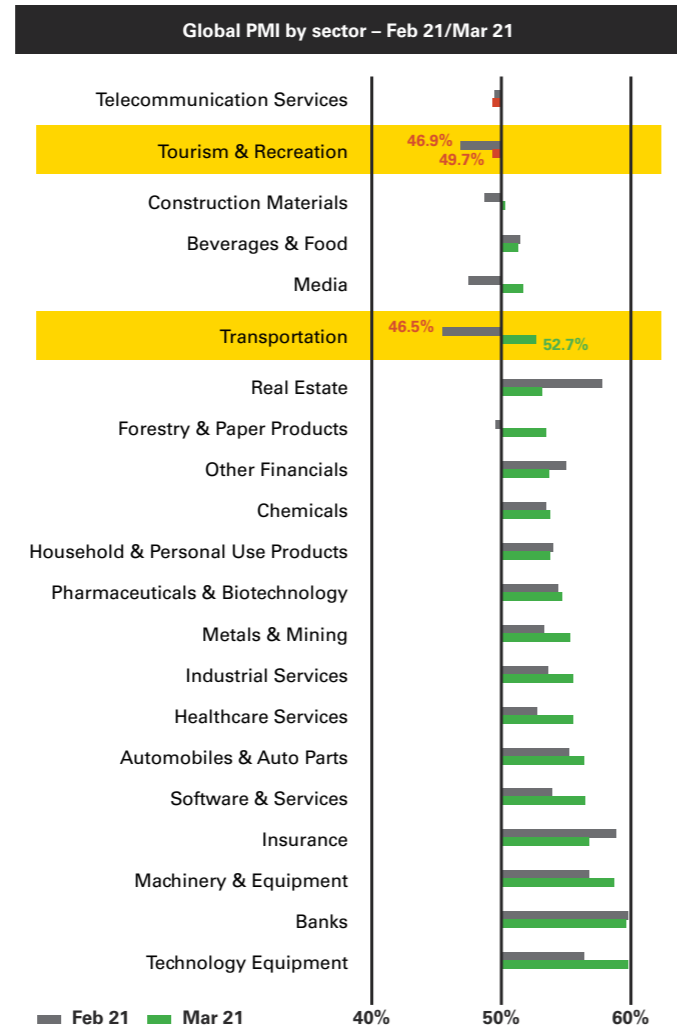
Distress call

A full year into the pandemic, global mobility and supply chains remain disrupted.

Road transport companies have been crucial in responding to the crisis in all parts of the world, but many are now facing real financial difficulties and struggling to survive.

The **purchasing manager's index (PMI)** measures the expectations of purchasing managers in 21 sectors on their expected future orders.

Compared to all other sectors, purchasers of transport services have a negative expectation of future orders, expecting volumes, on average, to contract. They do not see predictability and certainty when planning transport services, as reflected in the negative PMI scores for transportation, tourism and recreation.

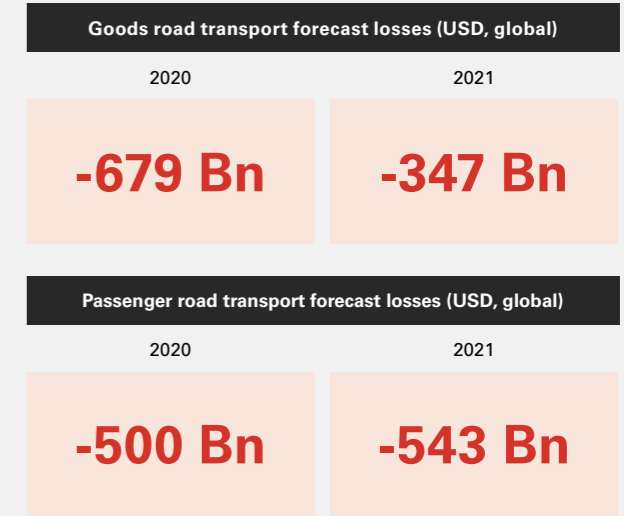


The score indicates an expansion/decline of the sector. Source: HIS Markit, IRU analysis, 2021



Bankruptcies accelerating

In 2020, IRU predicted a looming wave of bankruptcies. With the sector facing continued revenue losses globally in 2021, this looming wave is turning into a real wave of bankruptcies.

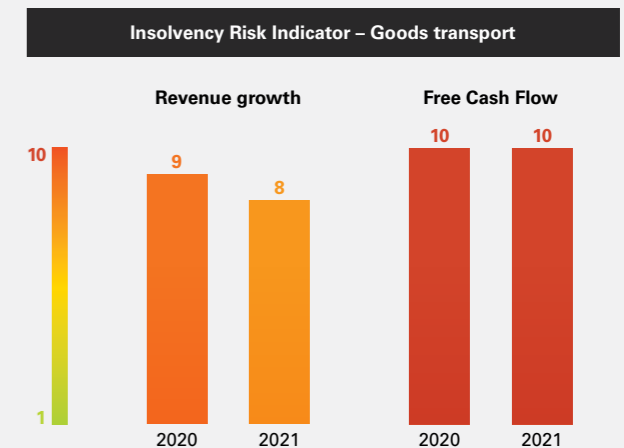


Goods transport

Global losses for the goods road transport sector are expected to reach 347 billion USD in 2021.

Although this is around half of the 679 billion USD losses suffered by the sector in 2020, insolvency indicators for free cash flow remain at critical levels.

Liquidity shortages remain the most serious challenge for goods transport operators.

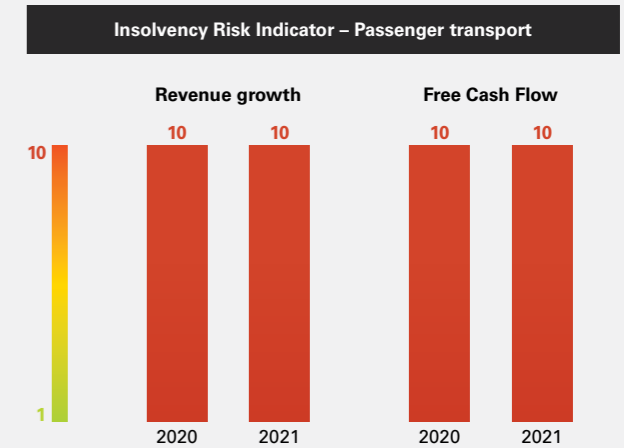


Passenger transport

Mobility services have been hit particularly hard during the pandemic, especially international coach and tourism services.

Some types of services are still suspended or severely restricted and face little prospect of returning to normal operational levels for some time.

Revenue losses in the passenger transport industry in 2021 are forecast to climb to 543 billion USD, 43 billion USD more than in 2020. Some 30% of passenger operators have already laid off staff.



Government inaction

Limited, untargeted and mostly uncoordinated action from the world's governments is putting more road transport companies at serious risk of going bankrupt.

Without support, road transport operators will not be in a position to drive economic recovery as the global economy moves beyond the impacts of the pandemic.

IRU calls on governments to take immediate action:

- ▶ Coordinate pandemic responses at global and cross-border level
- ▶ Deploy targeted financial support measures
- ▶ Use digital tools that already exist, including eTIR and e-CMR
- ▶ Prioritise commercial drivers in national vaccination programmes

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