

Speaking notes – Opening Ceremony

13th Intermodal Africa

Honourable Minister, etc, etc.....

Let me start by saying what an honour it is to be here in this beautiful city, in this beautiful country, and to have the privilege of participating in the opening ceremony of what promises to be a fascinating conference. I think I can speak on behalf of all the delegates, when I thank the Honourable Minister for so graciously hosting such an event.

Hosting the event here in Zambia not only underlines the government's hugely visible commitment to ensuring that the country's transport and telecommunications infrastructure connects all Zambians to their **local** services and markets, and that it connects the entire Zambian economy to **global** markets; but hosting the conference here also shines a light on a specific challenge – the challenge that is “landlockedness”, or rather, as I know the Zambians like to say, the “**opportunity** that is **landlinkedness**”.

Zambia is a unique place to be discussing these issues – as we know, Zambia is landlocked... or landlinked....! She is surrounded by 8 neighbouring countries, three of whom are also landlocked. Zambia's neighbours belong to no less than 5 regional economic, monetary or customs communities. So.... efficient trade

corridors, efficient procedures, efficient ports and border posts, reliable, modern infrastructure, regional economic integration – all of these are critical for any economy, and none more so than Zambia's.

And this is exactly what makes this conference so fascinating – personally for me, but also for my organisation, the International Road Transport Union.

These are exactly the issues that we care passionately about. If you will allow me, Honourable Minister, I will give a brief history of the IRU – but I promise it will be brief, and, most importantly, I hope you will agree that it is relevant!

The IRU was established in 1948, in Geneva, which is where our Headquarters still are today. The timing and location of the IRU's creation is no accident though. If you can picture Europe in the period immediately following the Second World War – there was almost no international transport by road, crossing borders with commercial goods was pretty much unheard of. And yet, with the urgent need to get European economies moving again and for the region to enhance its level of economic integration, solving the challenge of getting trade and trucks across borders was absolutely critical. So in 1947, the United Nations Economic Commission for Europe was established to try to develop policy solutions to these challenges. In turn, the private sector decided they could not let the UN decide everything by themselves, so the International Road Transport Union was created as the private sector

counterpart for the UN Economic Commission for Europe. And this is still exactly what we do today – we represent the road transport industry in discussions with government and multi-lateral organisations, to ensure that goods (and people, actually – we also represent the bus, coach and taxi industries) can move as efficiently by road as possible. But we have expanded from our initial mandate of just 8 countries in Western Europe, to a role where we have members in over 74 countries on the 5 continents. So right from the birth of IRU, right up to today, we care passionately about how efficient, how costly and how predictable it is to move goods by road internationally.

Now.... I am the guy from the International Road Transport Union, so you won't be surprised to hear me say this... but road transport is really important. Most of you have already had a cup of coffee this morning I suspect.... But do you know what it takes to get that cup of coffee into your hands....? It takes the combined efforts of 29 companies, in 18 countries, just for a cup of coffee. And at some point, every one of those inputs and the final product, has been on a truck. So road transport has become a vital production tool in today's globalised economy – so that means that anything that impacts on the efficiency of road transport, impacts on the economy as a whole.

As you can imagine we spend a lot of time looking at this issue. Since 2008, we have been working on a project in Eurasia, effectively along the revitalised Silk

Road to monitor border crossing and transit times, and other obstacles to efficient road transport. I think we have looked at something like 200,000 border crossing transactions in that period... and what we found is pretty interesting. Basically, as we monitor truck movements along the corridors, we generally see pretty good infrastructure, and very few trucks. That is until we get to a border crossing. We have found that around 57% of the total transport time is lost at border crossings, and 38% of the total transport costs can be assigned to “unofficial levies”. And I think we all have a pretty good idea of what we mean by that terminology....

So that means for over half the time, the truck is not only not earning money, but it is costing money – fuel, drivers wages, etc. Moreover, queuing trucks lead to a host of additional problems – crime, prostitution, the associated public health issues that go with that, damage to the environment, and of course queues of trucks are fertile areas for bribery and corruption.

Huge progress is being made throughout the East and Southern Africa region – for example with initiatives such as those at Chirundu, which unfortunately we were unable to visit yesterday, and with the really significant integration and harmonisation policies put in place by EAC, SADC, and COMESA. But there is still room for even further improvements to be made. Trucks in the region average probably around half the kilometres per year (50-60,000

km/truck/year) that is global best practice. This means that in any given month, a transporter moving goods between Mombasa and Kampala is doing that trip only twice, as opposed to four times a month. Not only that, the return trip is quite likely to be empty. This has an impact on costs. And we can see that. Typically the transport costs can be around 40% of the consumer price of goods, if not more. This impacts on consumers in the region, it impacts on manufacturers whose imported inputs are costly, and it impacts on exporters who are trying to compete in the global marketplace.

So if efficient transport is so important, and road transport in particular, how do we get to a point where the transport sector is operating at optimum efficiency? What needs to be in place for that to happen?

Well... I think the public sector has a responsibility for creating the enabling environment – of course the infrastructure has to be adequate, and even where the infrastructure is built or even operated by the private sector, it is the public sector that creates the strategic platform. The public sector of course also has a responsibility to ensure that there are efficient border and transit procedures – inefficiencies here can have a huge impact on time and cost – as we have seen in our own studies in Eurasia. And transport regulations need to be enforced in an intelligent way, resulting in fewer checkpoints and so on.

But the private sector has a significant role to play in all of this too. We in the private sector need to be compliant with those regulations. If we are not, if there is a high level of non-compliance in our sector – non compliance with transport regulations, non-compliance with customs regulations – then it is difficult to blame the authorities for taking a rigorous approach to enforcement. And we need to be professional – we need to run our transport companies efficiently, reducing delays and costs where possible, and as far as possible investing in modern equipment that is more reliable, less costly to maintain, more fuel efficient, safer for ourselves and other road users, and better for the environment. And all this boils down to professionalism – we need to make sure we have professionally trained transport managers, and drivers.

And there is a really important role for the market too, and this is something that IRU cares passionately about – there needs to be a level playing field for all operators, which in turn drives fair competition in the market. This is really about access to the profession and access to freight – there need to be rules to ensure that there is quality in the sector, but it is fundamentally important that the criteria for access to the profession need to be clear, the criteria need to be quality based, rather than based on numbers of trucks, or whatever, and they need to be fairly applied.

And then I think there is one final aspect that needs to be in place if we are to have an efficient transport sector – intermodality. Of course I have been talking about the road transport sector – that is our field. But it is of course just one of the key cogs that makes the whole logistics machine work. The various modes of transport need to work together and to be able to interconnect with each other as seamlessly as possible. This question of intermodality, of course, is going to be core to the discussions over the next couple of days. And I very much look forward to participating in that, and wish everyone an extremely successful conference.