

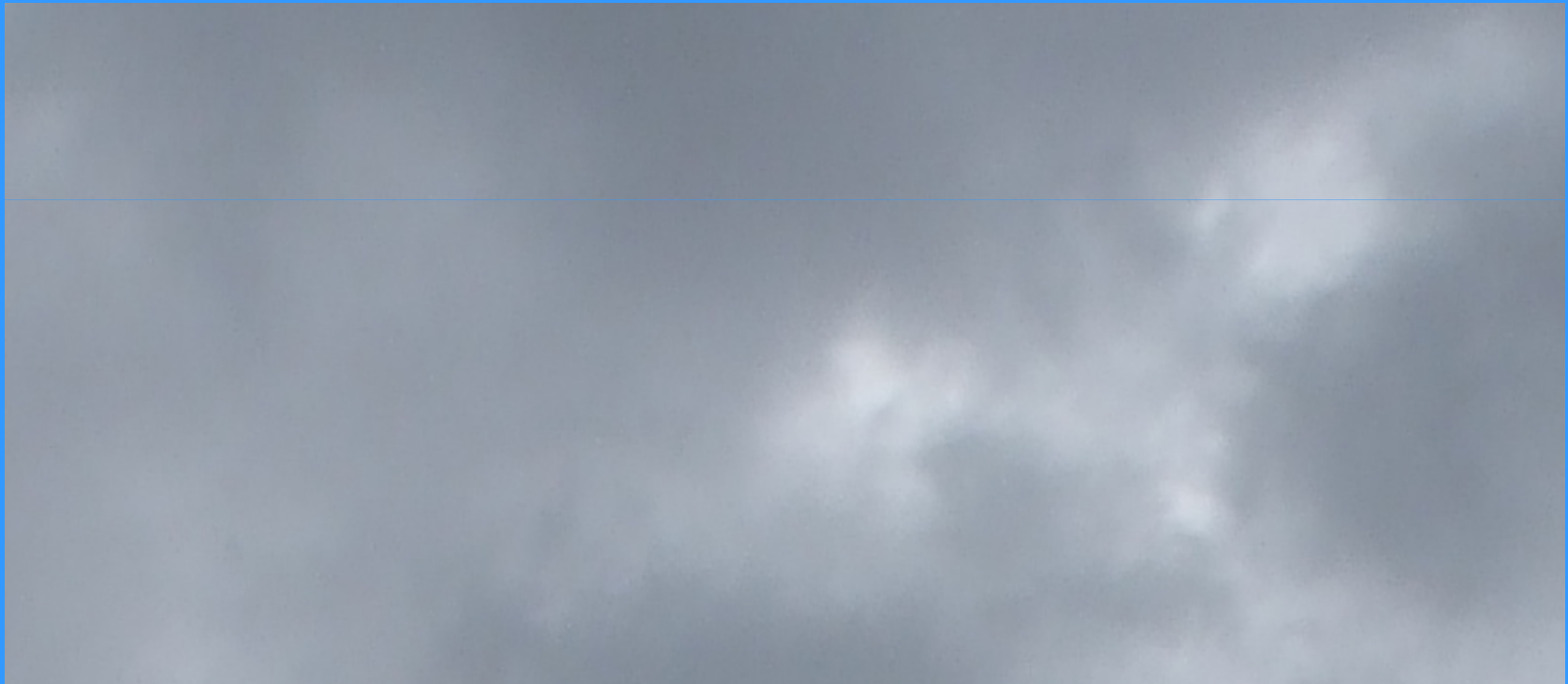


Industry analysis

FleetVan Conference 2009
16th September 2009

Elizabeth Box MA MSc MIHT
Head of Research
Royal Automobile Club Foundation







Outline

- LGV market
- Challenges ahead:
 - Infrastructure and congestion
 - Environment
 - Safety
- Looking ahead



Van and truck registrations (July 09)

- Weak demand for van and trucks continue
 - 13,830 new van registrations
 - 204,305 for the rolling year
 - Down 38.6%

“July saw both van and truck registrations fall some 40% on July 08 as firms continue to avoid buying new vehicles”

Paul Everitt, SMMT Chief Executive

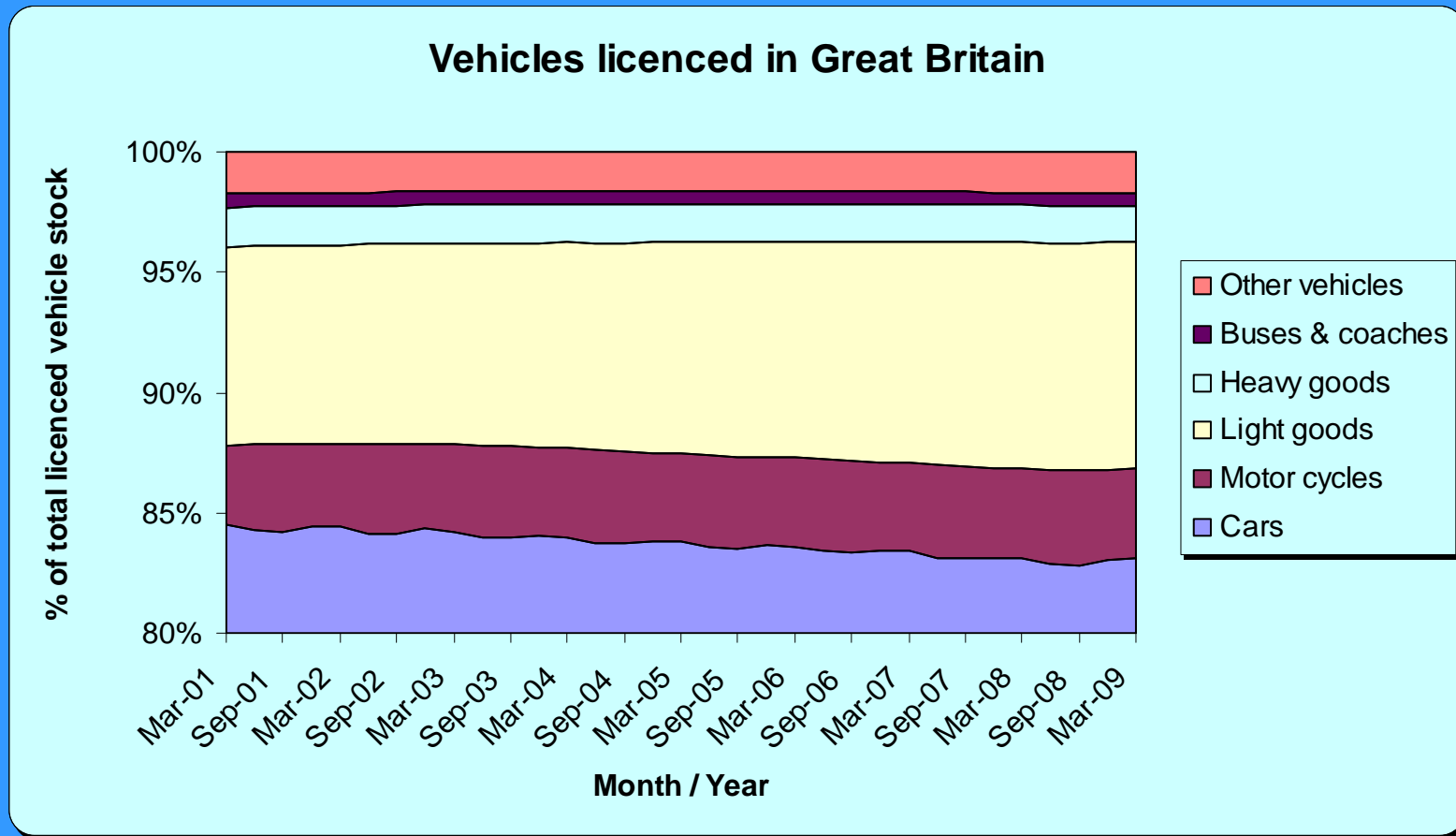


LGVs in Great Britain

- 3.2 million licensed LGVs in GB
- 9% of total licensed vehicles
- 13% of total traffic in GB
- LGV traffic increased 40% between 1997 and 2007
- LGVs accounted for 31% of all new traffic between 1997 and 2007

DfT (2008) Van Activity Baseline Survey 2008: Provisional results

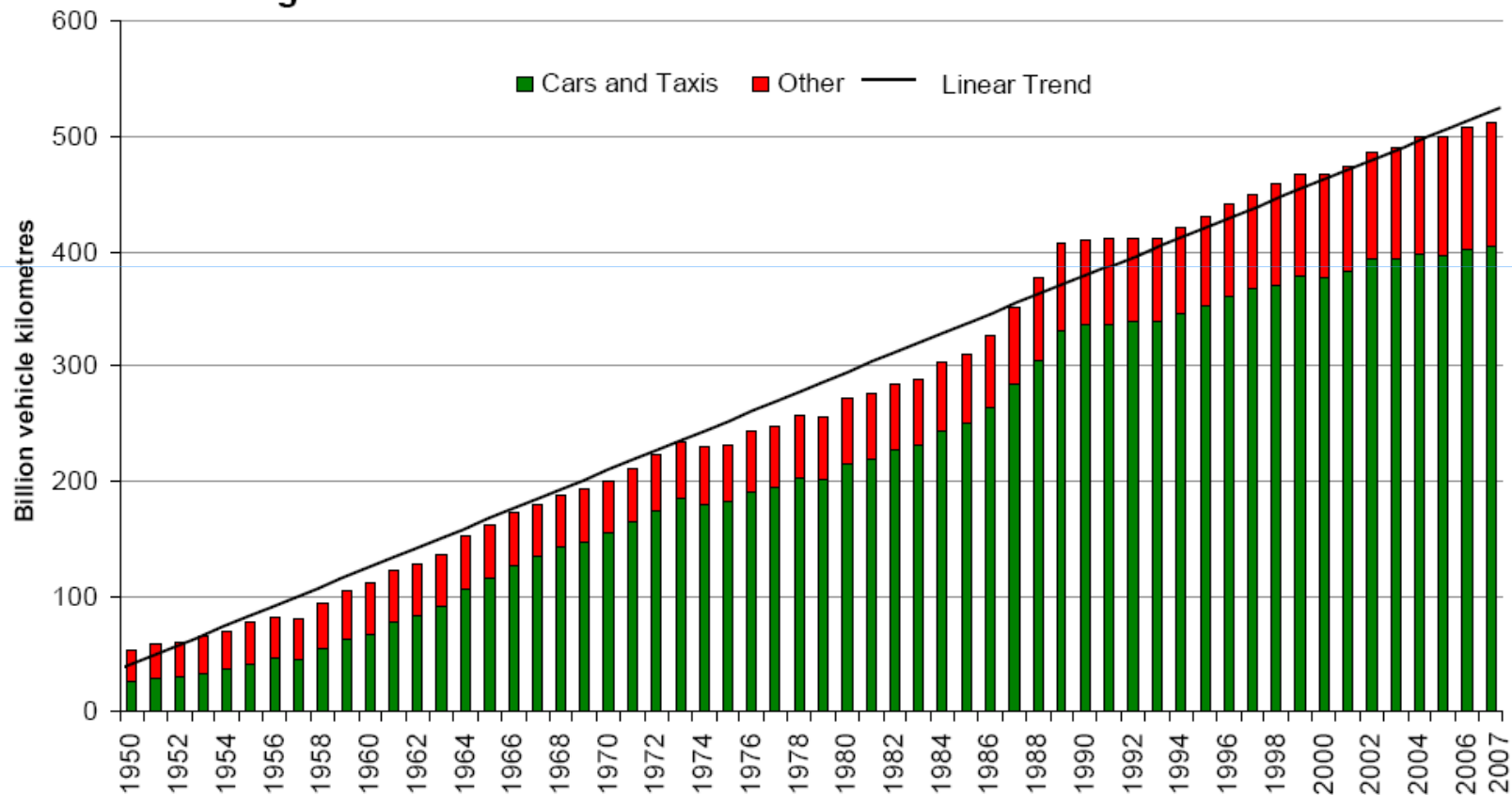
LGVs in overall vehicle fleet



Source: DfT (2009) Vehicle Licensing and Registration Statistics

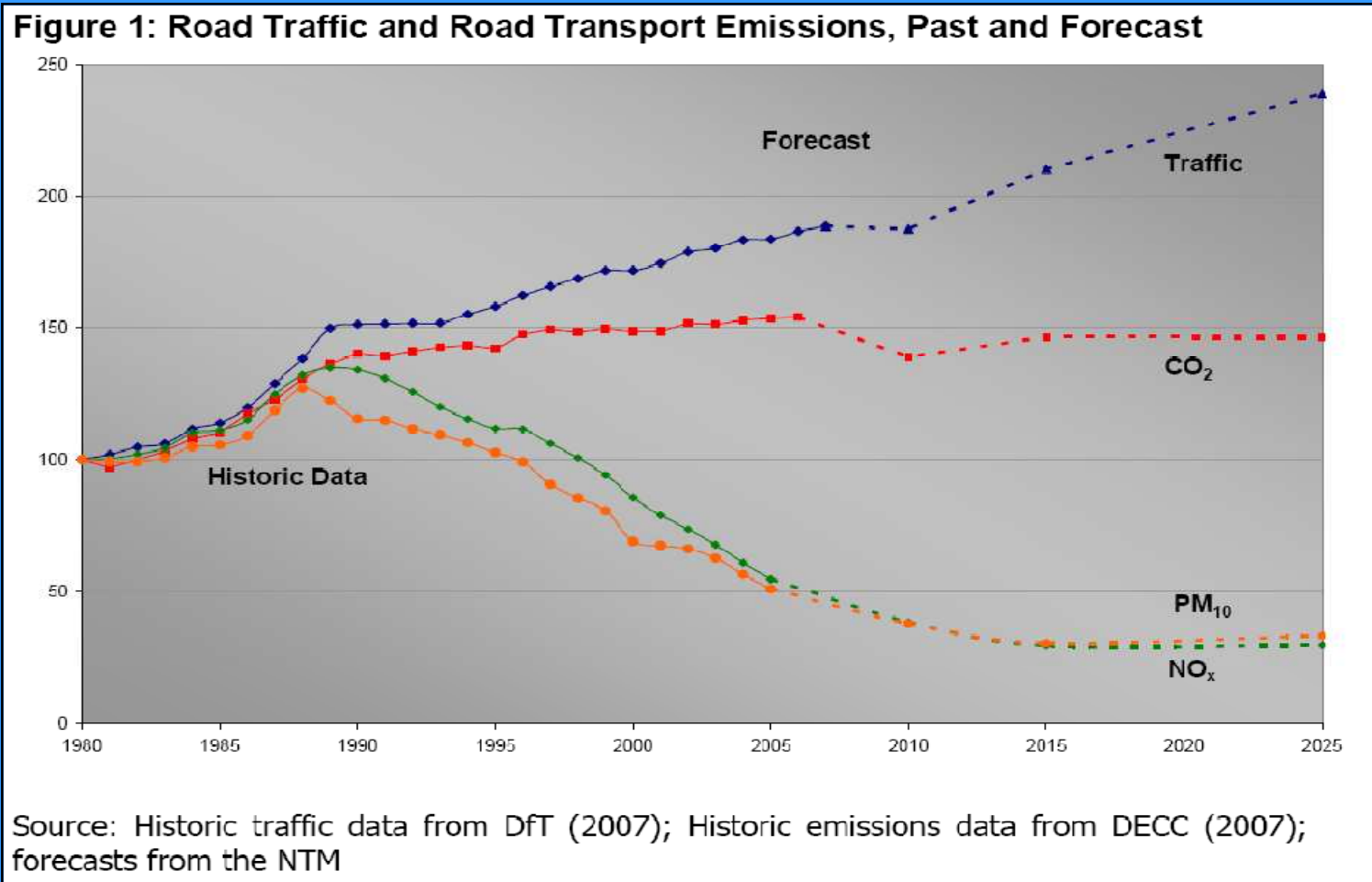
Relentless growth in traffic

Figure 1.1 All motor vehicle traffic in Great Britain: 1950–2007



Source: DfT (2008a) Road Statistics 2007: Traffic, Speeds and Congestion

National Traffic Forecast (DfT, 2008)





It will get much worse?

Between 2005 and 2041:

- Population will grow by at least 11%
- Most growth in the E, S and London
- Incomes will double
- Number of cars will increase by 44%
- Road traffic demand up by 43%

RAC Foundation (2007) Roads and Reality

Today



2041



Source: RAC Foundation (2007) *Roads and Reality*
www.racfoundation.org



What can be done?

- Nothing?
- Managed motorways?
- Road building?
- Demand management – Road pricing?
- A different administration for roads?



Roads administration

Road infrastructure provider:

- With an income stream
- Held accountable by **independent** regulation
- A duty to meet the needs of users
- Ensure that it is able to finance its functions
- Monitor its performance in relation to stewardship and service delivery



Infrastructure over the next 5 years?

- £6 billion – Roads

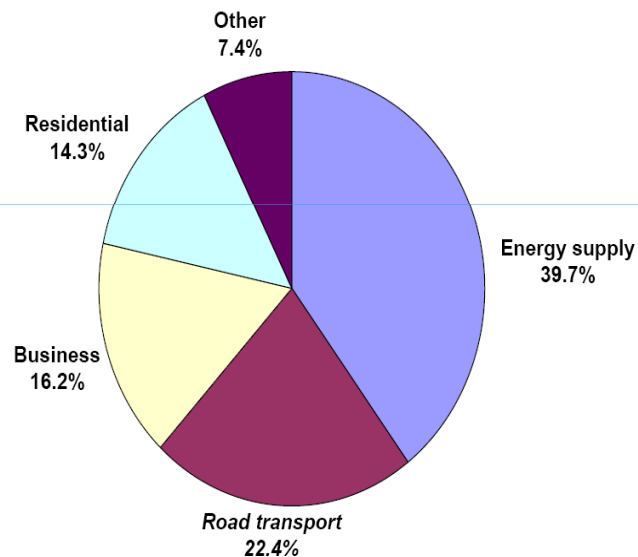
DfT (2009) Britain's Transport Infrastructure: Motorways and Major Trunk Roads

- £15 billion – Railways

HM Treasury Budget 2009: Building Britain's future. Section 4.26, p. 78

CO₂ emissions

UK domestic CO₂ emissions by source category, 2007

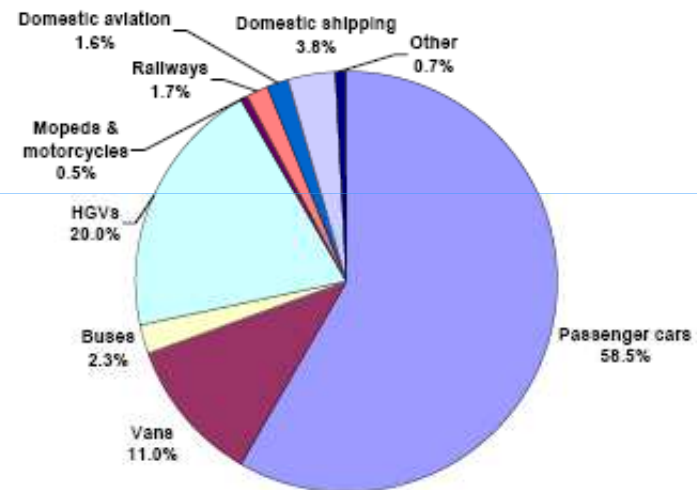


Total UK CO₂ emissions = 542.6 mtCO₂

'Other' includes: Non-road transport; Public; Agriculture; Industrial process; Waste; Land use change.

Source: National Atmospheric Emissions Inventory

CO₂ emissions from UK domestic transport, by source, 2007



Total CO₂ emissions from domestic transport = 131.4 mtCO₂

'Other' includes: LPG emissions; Road vehicle engines; Aircraft support vehicles.

Source: National Atmospheric Emissions Inventory

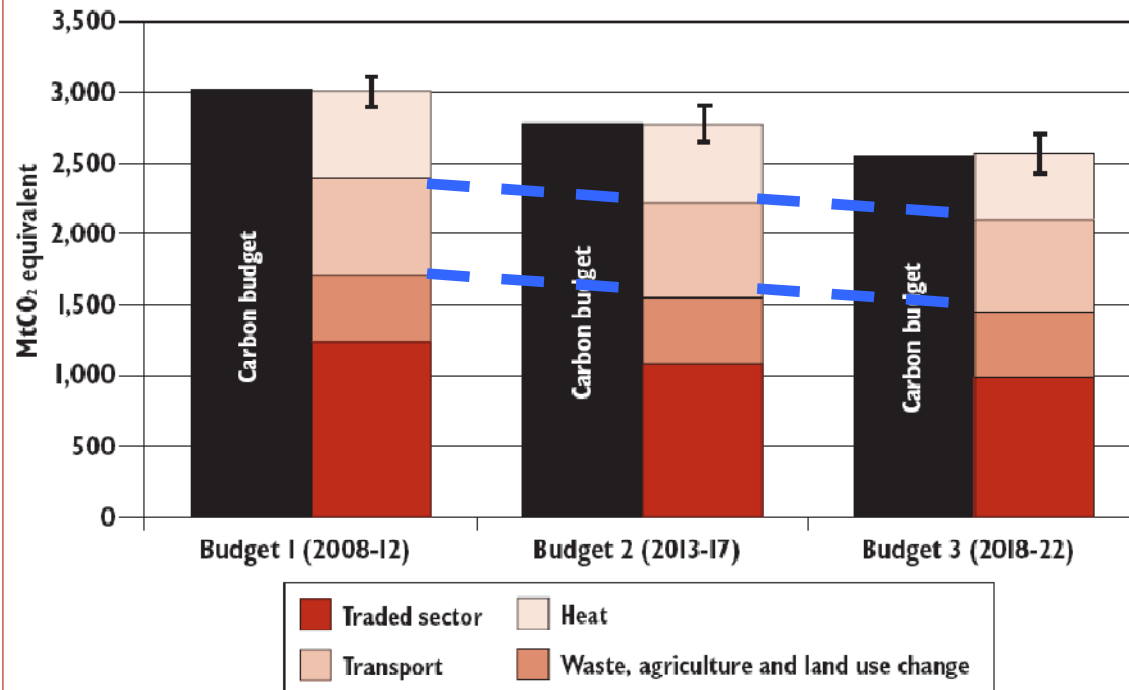


UK Climate Change Commitments

- ***PSA greenhouse gas emissions target*** – reduce emissions of a ‘basket’ of greenhouse gases 12.5% below 1990 levels by 2009-2012 in line with Kyoto Protocol
- ***Domestic goal*** – reduce CO₂ to 20% below 1990 levels by 2010
- ***UK Climate Change Act*** - Legally binding targets for the UK to reduce GHG emissions by at least 80% by 2050, and CO₂ emissions by at least 32% by 2020, set against 1990 baseline.

Carbon Budgets

Chart 7.1: Carbon budgets against projected emissions by sector

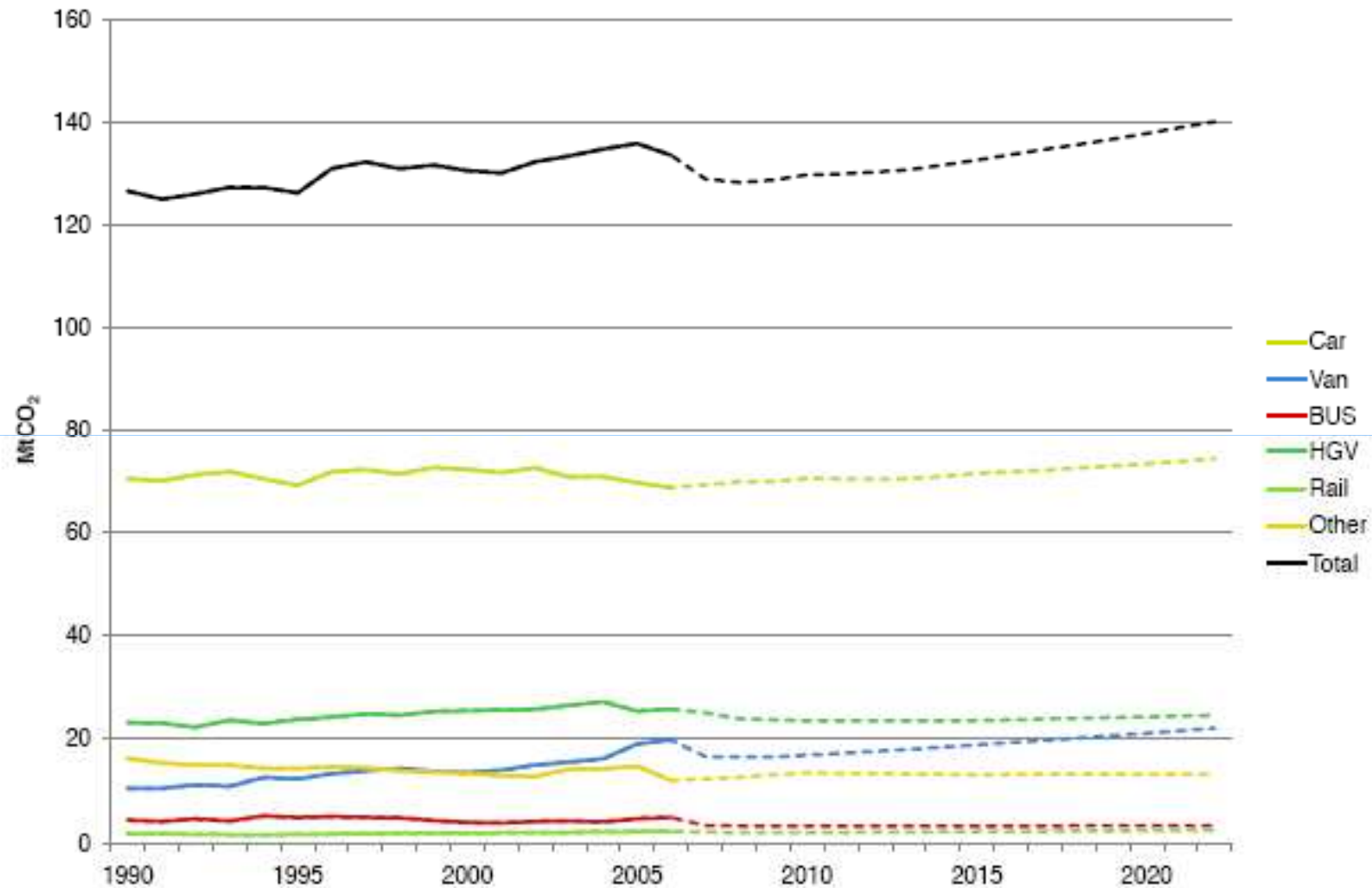


Source: Department of Energy and Climate Change

Notes: Projected emissions are based on an updated version of the UEP32 emissions projections, adjusted for consistency with Budget economic growth assumptions and improved estimates of policy savings. For further detail, please see Updated Energy and Carbon Emissions Projections, Department of Energy and Climate Change, November 2008.

Budget
2009:
Official
Carbon
Budgets

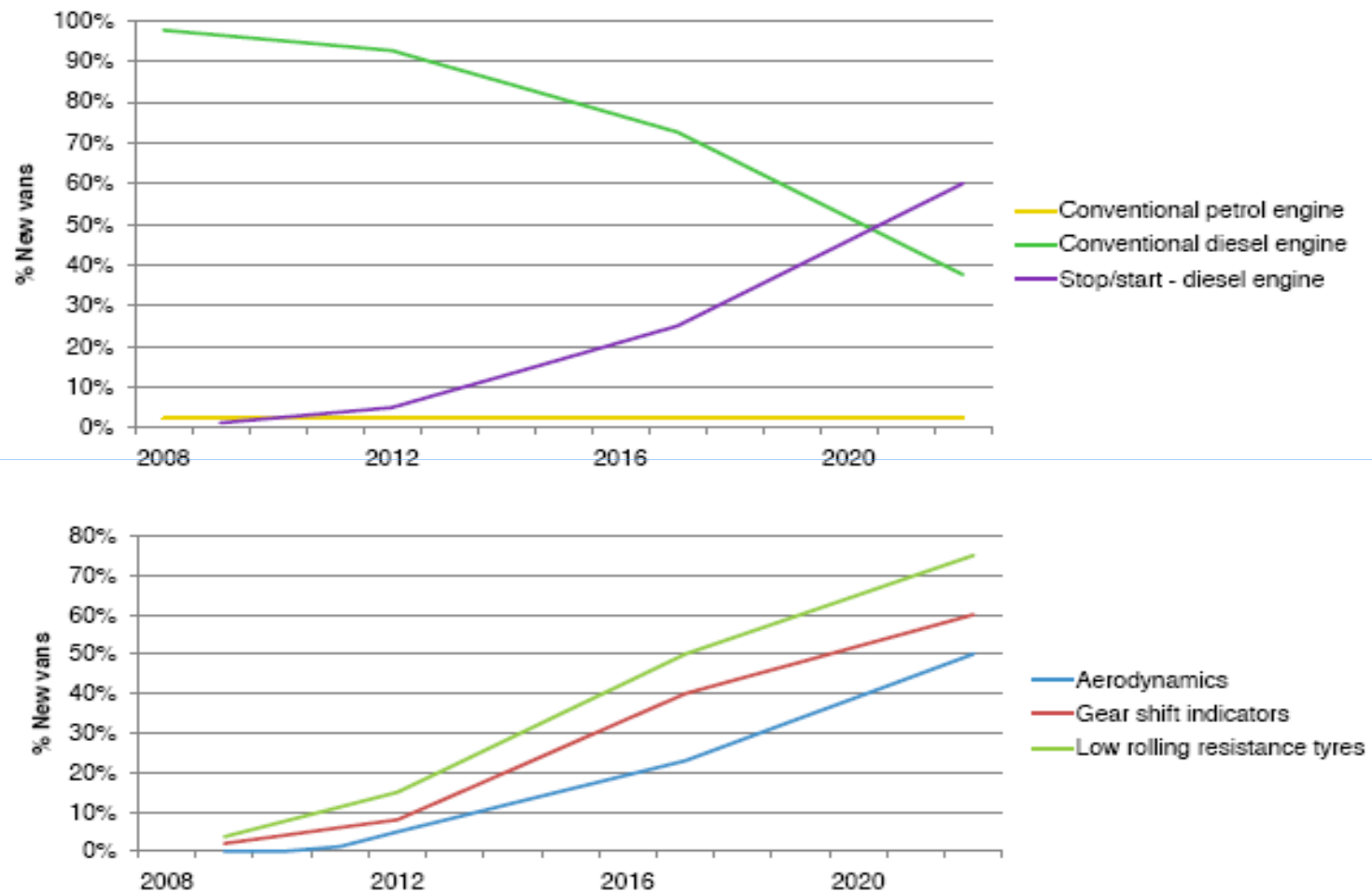
Figure 7.12 Breakdown of historical trends and reference emissions projections of transport by mode



Source: DfT, NAEI.

Note: Reference projections are not calibrated to the NAEI.

Figure 7.17 Van technology uptake rates (Current Ambition scenario)



Source: CCC.



Impact of climate change on road freight

- By 2015 50% think climate change will have an impact on activities
- By 2020 80% think climate change will have an impact on activities
- More online retailing
- Recycling materials going back into the supply chain
- Greater out-of-hours operations
- IT systems for transport planning and management (e.g. route scheduling, telematics)
- Increased collaboration between companies
- Greater use of online freight exchanges and load matching services
- Fuel prices and availability of drivers a major threat

Green Logistics (2009) Environmental Impact of Road Freight Transport in 2020



CO₂ emission proposals for vans

- CO₂ emissions capped at 175g/km by 2013 (Current levels 200g/km)
- Long-term strategy reduce CO₂ emissions from LCVs to 135g/km
- Without any additional policy measures – emissions could grow significantly over 10 years, 22MTCO₂ by 2022 – a 34% increase



Green initiatives

- Green vans in the public sector (June 09)
- Carbon database for van buyers (June 09)
- Right Van Man – Eco-driving (SMMT and DfT)



Right Van Man – Eco-driving initiative

- Appropriate vehicle and engine size
- Tyre pressure – a tyre under inflated by 20% adds 3% to fuel bills and cuts tyre life by a $\frac{1}{4}$
- Oil and air filter checks
- Fuel efficient driving techniques can reduce fuel bills by 10%
- Sat navs and van telematics



Impact of speed on CO₂

Total abatement from enforcement of 70mph speed limit in 2020	
	MtCO ₂
Car- motorway	1.0
Car- A roads	0.4
Van- motorway	0.9
Van- A roads	1.0
Total abatement	3.3

Source: Committee on Climate Change (2008)

Building a low-carbon economy – the UK's contribution to tackling climate change



Road improvements

- Road design - EuroRAP 2009
 - 60% of A-roads fail to be safe
 - 50% of the deaths on just 10% of Britain's network length
 - Single carriageway A roads rated as most dangerous
- Managing road improvements
 - 2 million deep trenches per year for roadworks
 - Each excavation reduces surface life by 30 yrs
 - Shortfall in road structural budget per authority in England £6m

Sources: Road Safety Foundation and ALARM Survey 2009
www.racfoundation.org



Looking Ahead

- Continued growth in vehicle traffic post recession – est. 1% per annum
- Congestion an increased problem
- Options include:
 - Managed motorways
 - Better consumer representation
 - Demand management – road pricing
 - Roads as a utility?



Looking Ahead

- Greater recognition of road transport role and funding to match
- Climate change will be a central consideration going forwards:
 - Individuals
 - Vehicles
 - Road management
- BUT...it will not be the only one
 - Reducing congestion
 - Improving safety



Contact details

Elizabeth Box MA MSc MIHT
Head of Research
RAC Foundation for Motoring Ltd.
89-91 Pall Mall,
LONDON. SW1Y 5HS
Tel no: 020 7747 3448
Email: ebox@racfoundation.co.uk
www.racfoundation.org

