



Launch of the Transport Outlook 2012

**Remarks by Angel Gurría,
Secretary-General
OECD**

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As prepared for delivery

Ladies and Gentlemen,

Welcome to the launch of the 2012 annual Transport Outlook, issued by the International Transport Forum (ITF), which we are proud to house at the OECD.

This year's report looks into a more efficient and greener transport and mobility future. It looks into how trade and transport flows may evolve in relation to the state of the world economy in the near term. It presents scenarios on the long-run development of global mobility volumes – up to 2050. And it discusses how policies should be designed to ensure that the benefits from mobility are retained and that negative side effects are contained.

Indeed, transport and technology are the backbone of global trade and a key input to all industries which rely on moving people or goods. Connecting places and people creates markets. And improving connections increases productivity. Mobility is not only an input to the creation of welfare – it is also intrinsic to the enjoyment of welfare. Better transport solutions can help drive growth and increase well-being. As we say at the OECD: “better transport policies for better lives!” This is why it is so important to understand better what the transport sector will look like in the future. And this is exactly what the 2012 Transport Outlook is about.

So let me outline some of its key findings.

The first and most striking finding of the Outlook is that mobility with a 2050 horizon is expected to grow considerably.

Global passenger transport volumes are projected to be 2 to 2.5 times higher in 2050 than today. In advanced economies, they are expected to grow at around 30% but in emerging economies, passenger volumes could rise by a factor of 2.5 to 3.5.

Freight transport volumes will also grow strongly. In 2050, global freight transport volumes could be 2 to 4 times higher than today. Within the OECD, freight transport volumes may double. But in non-OECD countries, by 2050 they are projected to be more than 5 times higher than today.

These trends will have considerable impacts on economic activities and on the environment. And this leads me to a second important finding:

Unless action is taken – and I mean unless action is taken now – CO₂-emissions from transport will skyrocket from a level that is already tremendously high.

Today, the environmental impact of transport represents 23% of man-made CO₂-emissions globally and 30% in OECD countries. Why is it so high? A simple answer: transport still relies for 96% on fossil fuels.

It is true, and it is good news indeed, that in OECD countries, the impact of introducing carbon-saving technologies will be strong enough to stabilize CO₂-emissions from passenger transport. But freight transport emissions are likely to continue increasing. And the important mobility growth in emerging economies will also contribute significantly to global growth of emissions from transport.

In total, CO₂-emissions from transport are projected to rise by a factor of 1.5 to 2.5 between 2010 and 2050.

So, based on these projections, what should we do? Should we put a brake on mobility, restrain people from moving and commuting, and limit trade flows? Or should we ignore the environmental footprint and stick to business as usual?

The Outlook's response is the following: we need to strike a balance between retaining the benefits from mobility and safeguarding the future of our planet. And this is possible by going seamless and by going green. What does this mean concretely? Let me highlight three main actions:

First, we need to aim for ever smoother functioning of transport systems. This is what we call seamless transport. This is the theme of the Summit and it is timely. We need to improve connectivity and efficiency. This means that we need to identify investment options that provide good value for money. For instance, we must focus on end-to-end journeys, consider transport systems rather than separate modes and emphasize the importance of integration to save costs and improve service.

Seamless transport is also about removing obstacles to cross-border connectivity: a lot of time is still lost at borders as freight is being held up for customs clearance and passengers are waiting at airport security checks. So, reductions of waiting times at borders are efficiency gains still waiting to happen in some cases.

Second, we need better policies for green mobility. As an order of magnitude, passenger mobility policies can reduce emission growth in emerging economies by a quarter to one third by 2050. To achieve this we will need a strong and enduring policy commitment. For example, we should promote better integration of public transport and assign more limited capacity to get a more efficient network use instead of providing too much network capacity for cars.

Seamless connections can help. Seamless connections enable a more balanced transport system that is less dependent on cars. Passengers are more inclined to public transport if it gets them from door-to-door smoothly – for example with a single ticket and convenient interchanges. Seamlessness is increased by smooth switching between modes, for example

through better intermodal terminals or more connected networks and by integrated ticketing and charging systems.

Third, we need to foster energy technology and innovation. We have estimated in our analysis that, in order to stabilize emissions, the fuel economy of cars would need to double - from about 8 liters per 100 km in 2008 to less than 4 liters per 100 km by 2050.

Vehicles should be made more efficient by improving conventional engines and in some cases by downsizing. The increasingly widespread adoption of fuel-economy regulations already works in that direction. The US, the EU, Japan, China and a range of other countries now all have fuel economy standards. And by 2020 or 2025, the difference of standards among countries will likely decrease, with fuel economy requirements from 4 to 5 liters per 100 km. The task for governments is to commit to these long-run targets now, so as to provide industry with the needed certainty to plan and invest.

In the longer run, we must stimulate alternative energy sources and increase diversity in transport energy. We must be careful not to aim for simply replacing fossil fuels by a different dominant source. Electric Vehicles for example can be part of the answer in places where low carbon electricity is available. They are a good fit especially where trips are short but usage is intensive, for example in the context of taxi-service and urban deliveries.

Ladies and Gentlemen,

In the context of growing mobility and increasing emissions from transport, we must improve mobility policies, foster energy technology and innovation and we must go seamless to improve efficiency and connectivity of transport. There are enormous opportunities. It is time to act now, to design, promote and put in place better transport policies for better lives!

Thank you.