

Climate Conference targets will lead to new era of transport demand management

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Everyone in the logistics industry should be aware that the Copenhagen Climate Change Conference will have major implications for the global transport industry if demanding emissions reduction targets are agreed by politicians.

What is being billed as the largest and most important UN climate change conference in history has opened in Copenhagen, with diplomats from 192 nations warning that this could be the last chance for a deal to protect the world from global warming.

The transport industry, as a major contributor of greenhouse gases, will be under considerable pressure to reduce its emissions. Although much has been done, progress has been considered too slow if the EU is to meet existing overall greenhouse gas emission reduction targets by 2020. If the EU commits to further reductions at Copenhagen, governments will have to find new ways in which to constrain transport demand.

Previous and current EU policies have mainly focused on improving vehicle technology and fuel quality to reduce pressures on the environment. A document compiled by the European Commission's European Environment Agency (EEA) prior to the conference warns that these policies have not succeeded in reducing greenhouse gas emissions from transport and that the effect of mitigation measures has been more than offset by increased transport volumes. It says that to achieve emission reductions, measures and policy instruments must also address demand for transport in a 'serious way'.

The EC has already stated that emissions from the transport sector will be subject to binding targets at Member State level including the use of biofuels. However it has concluded that existing targets can only be met by a reduction of total transport demand (passenger and freight). This could be through pricing measures or other types of 'demand management tools'.

There are many implications for the global transport industry if governments do indeed try to suppress demand. The modern global economy has been built on the back of cost-effective international transport which has brought cheap consumer goods to the West whilst delivering relative prosperity to economies in the East.

There is no need to model how the global economy would develop, should governments decide to intervene in this market. The last year has seen a massive downturn in demand for international and national transport and, no doubt from environmentalists' point of view, this will have had many benefits in terms of emissions' reductions.

Constraining demand and regulating supply will have inevitable implications for the transport industry and the wider global economy. Whether this is a price worth paying is, at this stage, largely a subjective judgement, based on whether or not the forecasts of climate change are to be believed. However what is clear is that these consequences will be real, although the full impact on the transport industry in terms of profits and revenue growth are yet to be fully understood.

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For further information or to interview the author of this report, Mr John Manners-Bell, please do not hesitate to contact me at E: ssmith@transportintelligence.com or T: +44 (0) 1666 519912.

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