











The economy and road freight transport in Finland - past, present and future

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Contents

- Quick overview of Finland
- Research questions
- Transport intensity
 - definition, calculation, trends
- Scenarios to 2020
 - The development of the amount of road freight transport (tonnes)



Finland



Picture: findis.org Finland Population 5.4 million GDP 32,000 €/inhabitant

- Strong economic growth from 1993 to 2008
- Economic growth was highest in branches such as high-tech manufacturing (telecommunication) and the service sector
- Long distances within Finland and to the main markets in Europe
 www.irf2010.com



Research questions

- What has been the connection between the economy (euros) and road transports (tonnes) in Finland in recent years?
- How will be the amount of road transport develop in the future (to 2020)?
 - Two different economic scenarios
 - Manufacturing Finland
 - Service Finland

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Introduction

- Transport is derived demand
- Transport intensity
 - = the ratio between the amount of transport (tonnes or tonne-kilometres) and the GDP (gross domestic product)
 - Big differences between countries
 - Generally lowers as the economy moves towards service society (as more of the GDP comes from other fields than industry)



Transport intensity of road

freight transport in Finland

- Road freight transport in 2007
 - 415 million tonnes
 - 26.0 billion tonne-kilometres
- The economy in 2007
 - value added of 157 billion euros
- Intensity of road freight transport
 - -2.64 tonnes/1,000 euros of value added
 - 0.17 tonne-kilometres /value added (€)



Trends in the economy and road transport 1995-2007



Value added in fixed year currency



Road freight intensity for different branches 1/2

- The most important branch considering value added is trade (10 %) and other services (56 %)
- The most important branch considering road transport is construction (53 % of tonnes, 20 % of tonne-kilometres) and other industries (11 %; 20 %)
- => branches are very different in terms of transport intensity



Road freight intensity for different branches 2/2



Overall road transport intensity has fallen 35 % between 1995 and 2007



The share of value added in

different branches



* The share of other services has been 55.9 % in 1995, 54.8 % in 2000 and 56.1 % in 2007

Two scenarios

- Two scenarios describe alternative development paths for the economy
 - same overall economical situation: an approximate 1.5 per cent yearly increase in the whole economy
 - different growth in branches: stronger service economy (scen. 1), strong manufacturing economy (scen. 2)
 - extrapolation of the development of transport intensity for different branches

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Results from the scenarios

- In both scenarios, the total amount of road tonnes is declining
 - In service economy (scen. 1) there would be almost a third (-32 %) less road tonnes
 - In strong manufacturing economy (scen. 2) -5 % tonnes in 2020 than currently.
 - Even with strong development in industry sectors (scen. 2), the amount of road tonnes will reduce, if the whole economy grows annually at the rate of 1,5 % and the transport intensity trend continues as in the past....irf2010.com

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Analysis of the results

- Clearly scenario 1 seems more likely in the current global and economic situation
- There is likely to be a smaller market in terms of road tonnes in the future
 - what does this mean for example to the road authorities and transport companies?
- The amount of tonne-kilometres will also be less, unless the mean distances in road transport will grow and counter effect the decrease of tonnes