



Recommendations on how to manage driver shortages in European chemical transport



Driver shortage

- **What is the issue**
- **General context**
- **Underlying causes**
- **Industry impact**
- **Proposed actions**
- **Conclusions**

What is the issue



Availability and thus reliability of European chemical transportation is increasingly affected by the prevailing structural shortage of truck drivers

The increasing demand for transportation services, coupled with the effects of an aging driver population and recent introduction of new European driver working hours directive has led to structural driver shortages in the majority of European countries:

- > 2.5% annual increase in road transport demand forecasted for the next 10 years
- In Germany 30 % of current driver population > 50 years
- Insufficient inflow of new drivers
- Introduction of new working hours regulations: 10 - 15 % more drivers required
- Chemical transport industry competes for skilled drivers with other sectors and professions

If no action is taken, driver shortage will lead to increasing inability to deliver products in time and will therefore have a negative impact on supply chain performance

Driver shortage

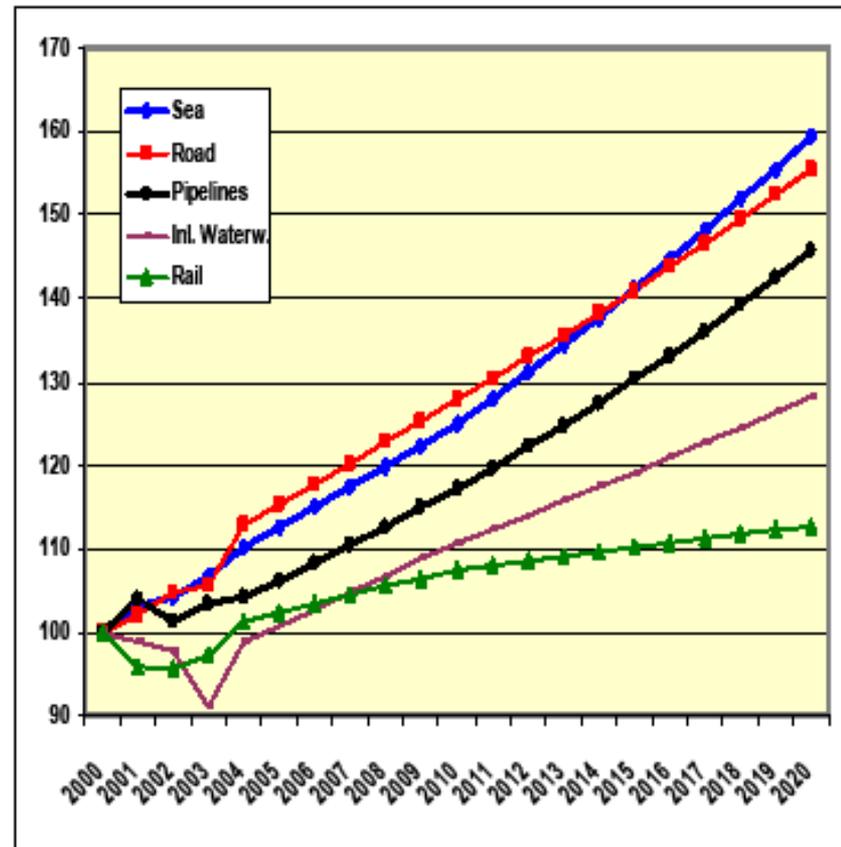
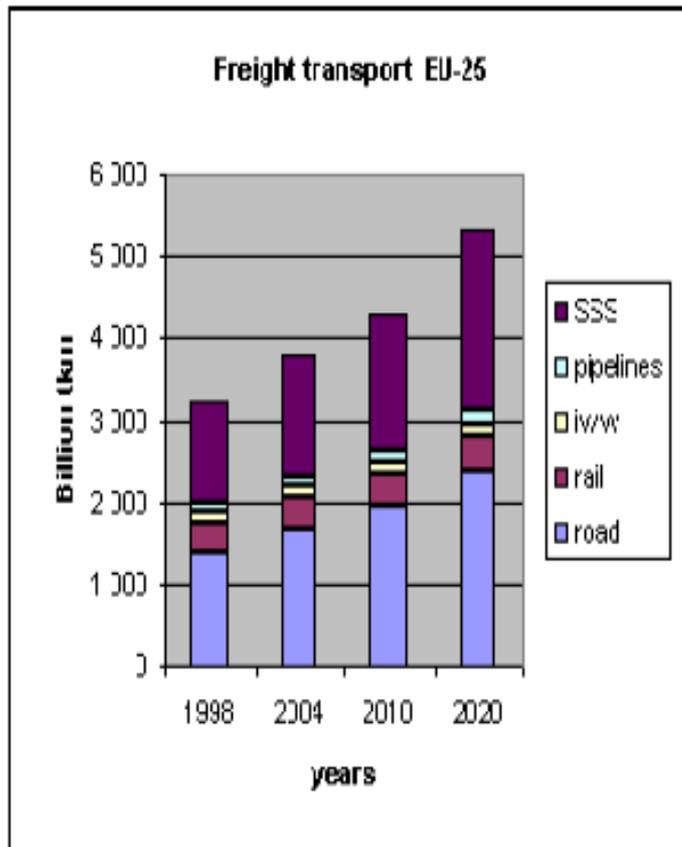
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General context

- **Volume of road freight is expected to increase annually with more than 2.5 % over next 10 years**
- **Aging driver population: proportion of drivers > 50 years has increased (from 24 to 30% over past 5 years in Germany)**
- **Driver vacancy rate has more than doubled over last 2 years (data from NL and D)**
- **Driver profession is in top 3 of 'problem professions' in many European countries (survey on talent shortage from Manpower)**
- **Despite increasing vacancy rate, some countries register a high unemployment rate of drivers. This may be caused by mismatch between capabilities and requirements.**
- **The required skills profile for drivers is gradually increasing**

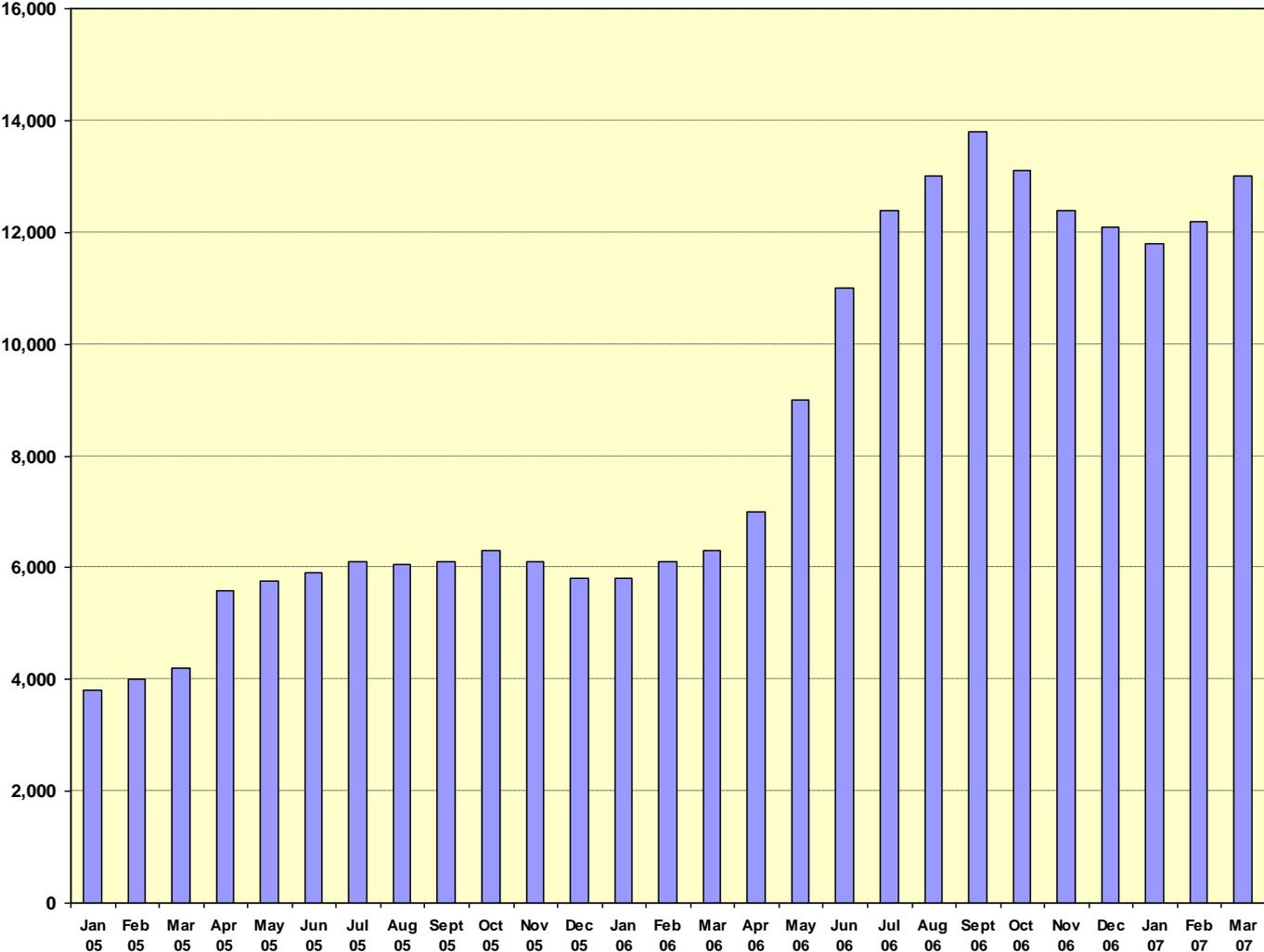


A changing transport context: Expected growth in freight transport activity by mode (2000=100)



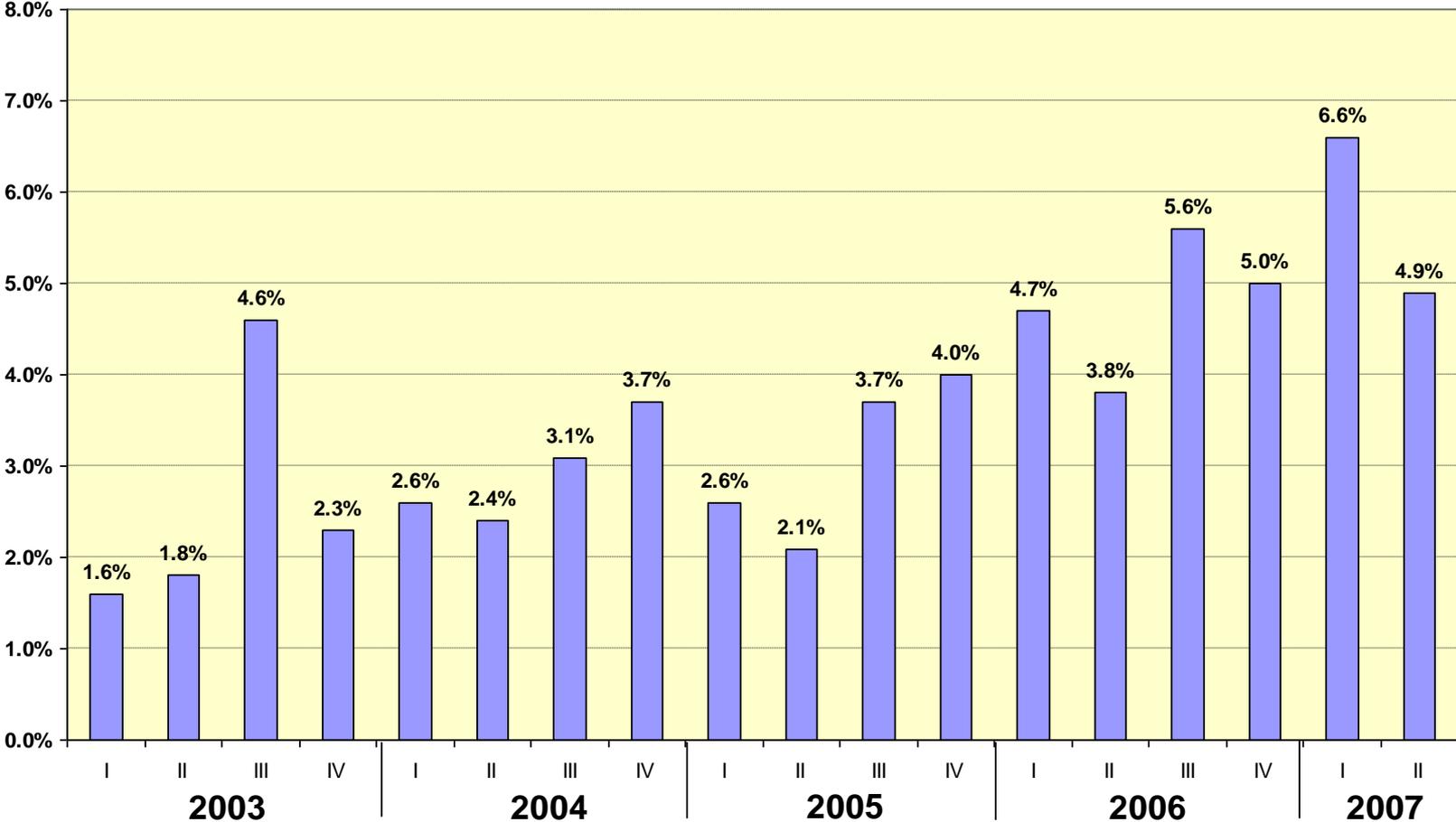
Evolution of number of truck driver vacancies in Germany

Source: Bundesagentur für Arbeit



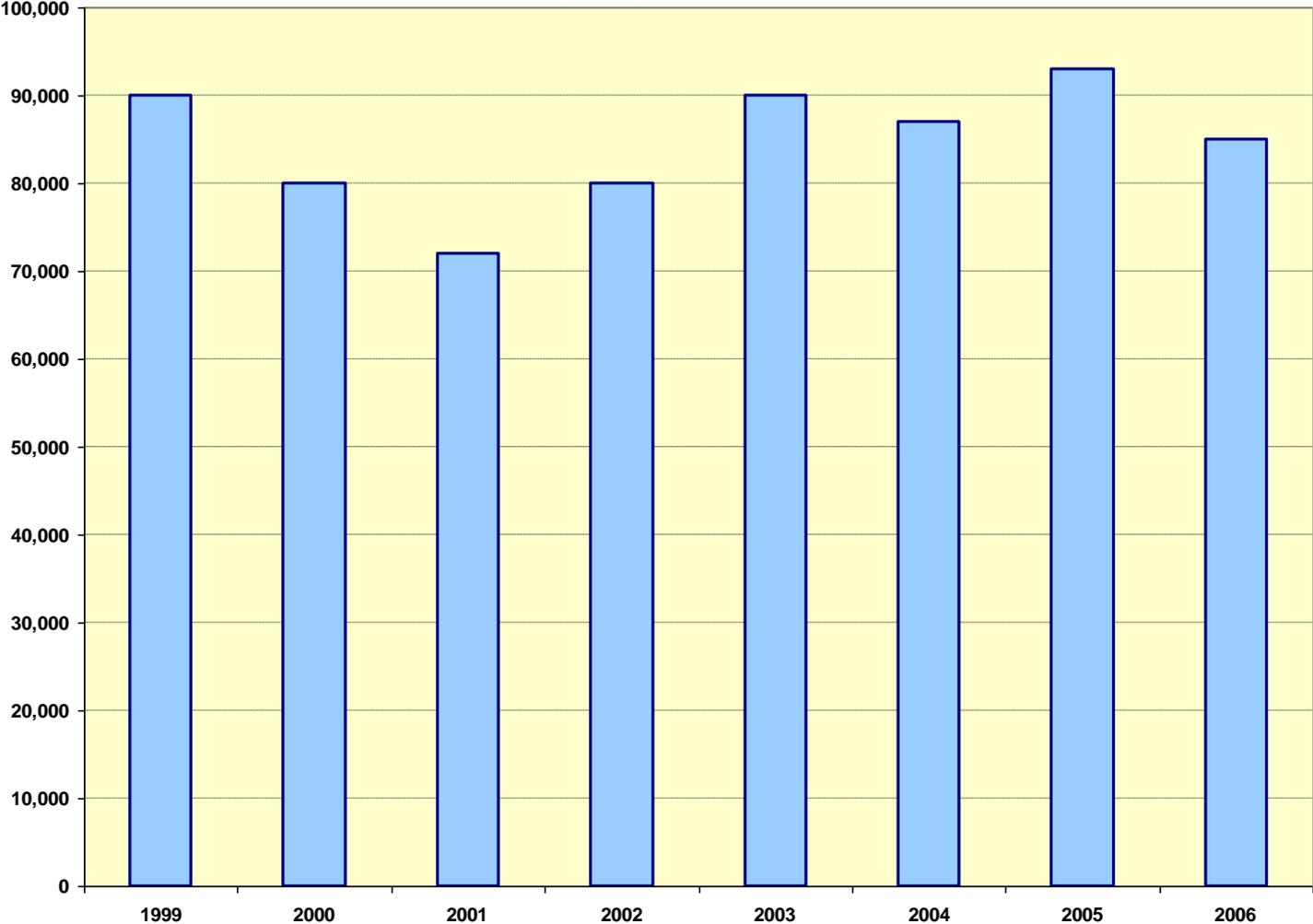
Evolution of percentage of truck driver vacancies in Holland

Source: Transport en Logistiek Nederland



Evolution of number of unemployed truck drivers in Germany

Source: Bundesagentur für Arbeit



IRU survey on driver shortage August – Sept 2007

Estimated shortages

Netherlands	5,000
Norway	4,500
Belgium	3,000
Lithuania	2,500

ECTA Survey on Chemical Driver Shortage

September 2007

- **Scope: 25 major chemical transport companies**
- **Vacancies: 620 on total of 10360 drivers (6%)**
- **Driver turn-over in 2006: 15%**
- **Increase in number of drivers employed in 2006: 11 %**



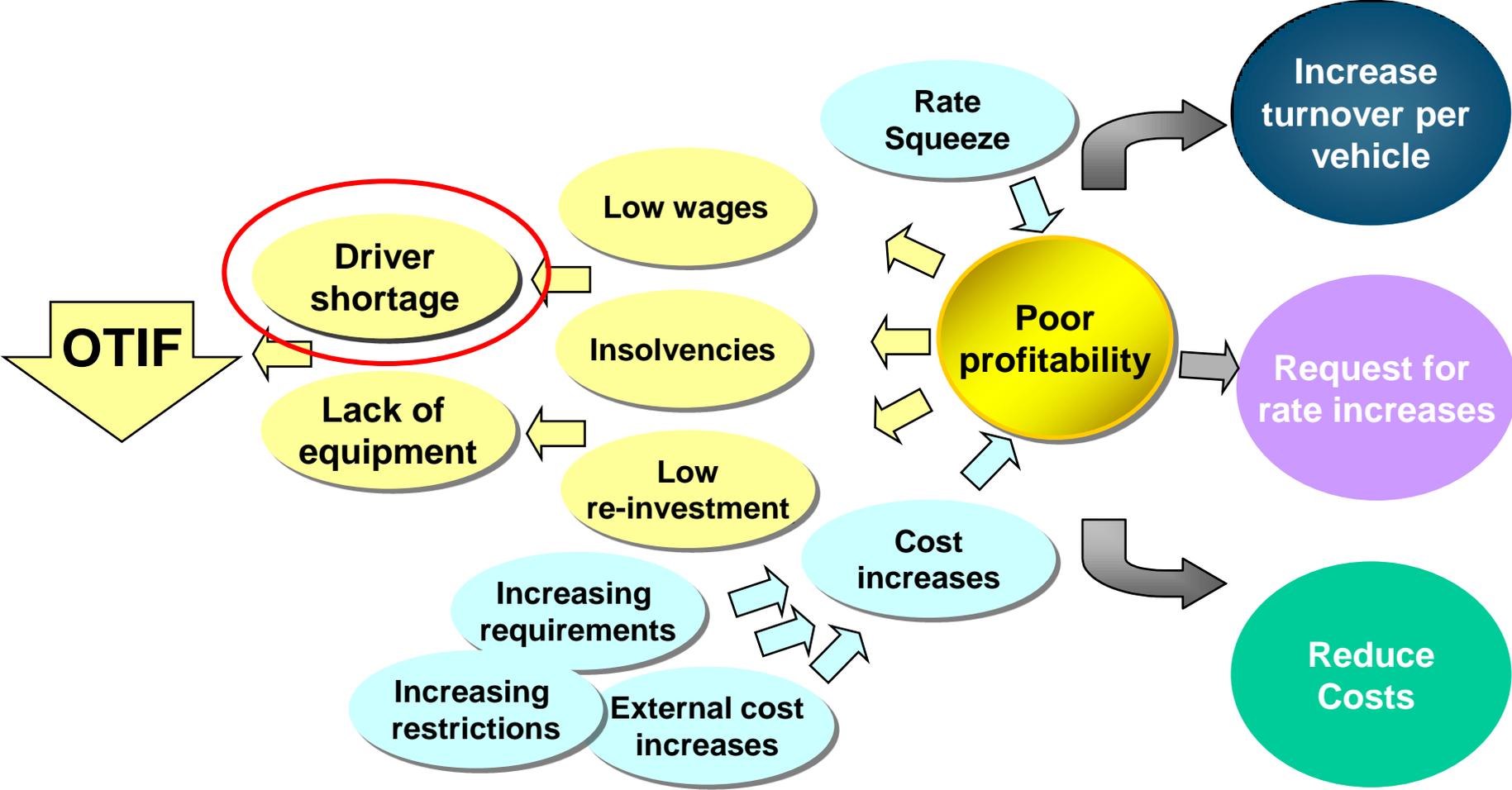
General context

Driver shortage is not an isolated issue, but should be seen in the full context of supply chain & logistics management

- Increasingly congested logistics infrastructure has an impact on the overall logistics performance (reliability and costs)
- Insufficient alignment of transport- and distribution planning between shippers and their logistics service providers
- Lack of a coherent approach and adequate planning and IT systems for logistics operations in the chemical companies
- Driver shortage is only one of many issues the transport industry is facing (see next slide)

Efficiency improvements in supply chain management would reduce the demand for transport (and for drivers)

Root cause analysis and mitigations from LSP perspective



Impact on chemical industry

Superficial reasons

Underlying reasons

Impact on LSP's

Possible responses by LSP's

Driver shortage

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Underlying causes

The shortage of drivers is caused by a combination of

- **Decreasing number of available drivers**
- **Decreasing productivity of drivers**

Decreasing number of available drivers

The driver profession has become less attractive because of ...

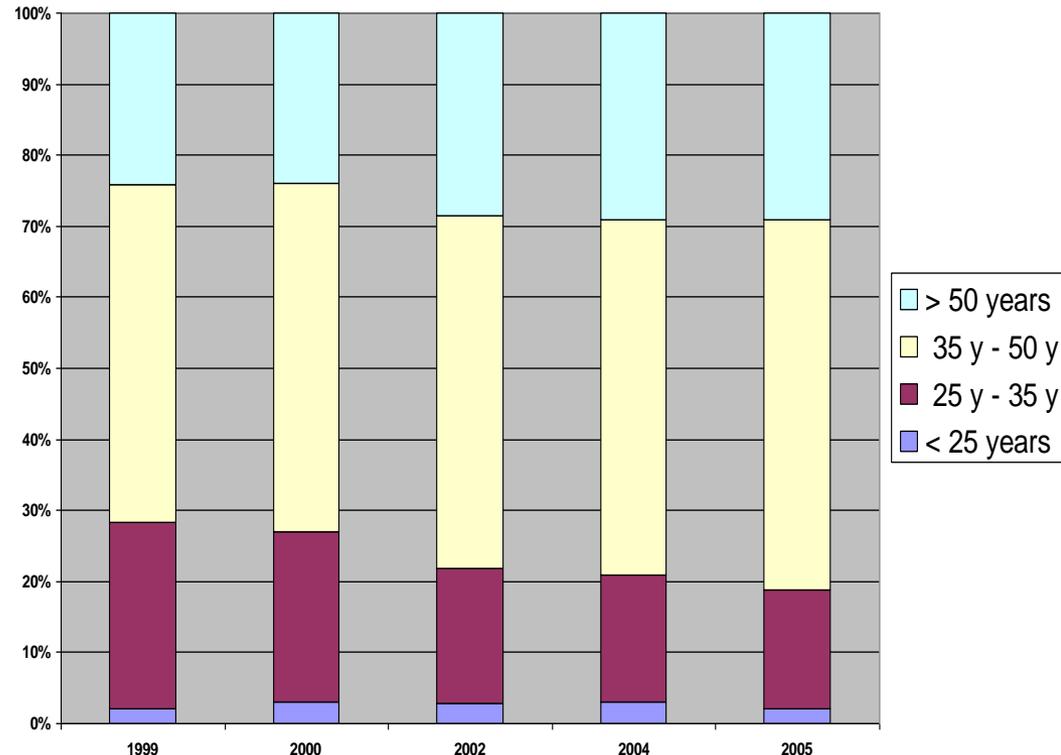
- **Bad public image of road freight transport**
- **Low recognition by industry for the driver as a key player in logistics**
- **Difficult working schedules (not compatible with normal social life)**
- **Security threats for drivers**
- **Poor facilities at (un)loading sites and terminals**
- **Loss of freedom caused by full transparency by the use of on-board computers**
- **The pressure to continuously maximize fleet utilisation negatively impacts on the working conditions of drivers (e.g. having to switch between different vehicles)**
- **While job requirements have continuously increased, the remuneration packages have become less attractive**
- **Working time directive will result in decrease in income**
- **The chemical industry is low on preference ranking of drivers versus other sectors (working schedules, need for additional training, product risks,...)**

Decreasing number of available drivers

Additional factors

- Age pyramid: more drivers leaving the job market then entering
- Less input of army trained drivers (drop from 30.000 to 15.000 per year in Germany)
- Less inflow of foreign drivers from Central/East Europe

Development of the age profile of truck drivers in Germany
Source: Bundesagentur für Arbeit



Decreasing productivity of drivers

Decreasing productivity is caused by

- **New European working time regulations, restricting the number of hours worked per week**
- **More and more congestion of road and logistics infrastructure**
- **Long waiting times at loading/unloading sites (high gate to gate times)**
- **More tasks for driver in (un)loading activities (self-loading, cargo securing,...)**
- **Restrictions on (un)loading time slots**
- **Increased security measures at ports (ISPS), terminals etc**
- **Restrictions on cabotage**

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Possible impact on industry if the trend of structural driver shortage is not reversed

- **Market mechanisms will lead to increasing costs**
- **“Quality” of chemical drivers will deteriorate**
- **Potential increase in safety risks**
- **Customer service will deteriorate (inability to deliver on time)**
- **Pressure on current logistics concepts (JIT)**

Negative impact on the general competitiveness of the European chemical industry

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What should be done ?

Recommended actions by

- **Authorities**
- **Individual shippers and LSP's**
- **Joint industry initiatives**

to improve driver productivity

to increase number of available drivers

What should be done by authorities to increase driver productivity

- **Harmonize and increase allowable maximum vehicle gross weight and dimensions at European level**
- **Ease cabotage rules**
- **Harmonize and reduce weekend driving bans**
- **Implement measures that facilitate free movement of trucks (e.g. special lanes)**

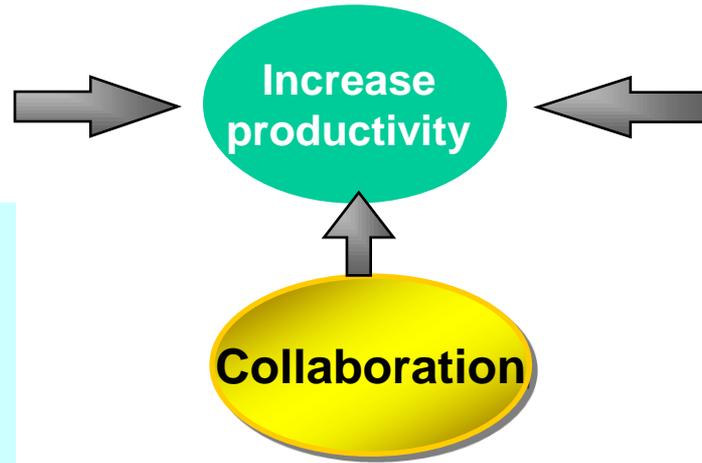
What should be done by authorities to increase number of drivers

- **Raise the awareness of the general public of the importance of transport and logistics for society**
- **Subsidize driver licence training for young people**
- **Provide schemes for the re-training of unemployed to drivers' job**
- **Include driver as vocational training option at schools**
- **Focus on new groups: women, other nationalities**
- **Review impact of working time directive**
- **Increase comfort and security at truck parking facilities**

Cefic and ECTA recommend the following actions by shippers and LSP's to increase driver productivity

Shipper Optimization Initiatives

- Better order mgmt / peak smoothing
- Demand pre-notification / share forecasts with LSPs
- Rush order avoidance
- Remove constraints:
 - Extend (un)loading time windows
 - More flexibility with regards to changing loading time slots
 - Minimize prohibited prior-cargo lists
- Accelerate truck turnaround times
- Stimulate LSP's for more use of multimodal transport (allow longer transit times)



LSP Optimization Initiatives

- Introduction of more pre-loading (drop & swap concept)
- Establish seamless information flow across supply chain participants
- Alignment of shippers distribution plan with LSPs vehicle and driver planning (don't throw the orders over the wall ...)
- More flexible transport order management (advanced or postponed (un)loading event management)
- Harmonization and simplification of equipment and site access requirements
- Assign responsibility for VMI to LSP
- Strategic partnerships underpinned by long-term contracts

- Increase driver flexibility
- Horizontal cooperation (equipment pooling, load exchanges)
- More proactively communicate optimization initiatives
- Improve transport planning capabilities
- Trunking schemes (hub and spoke)

Cefic and ECTA recommend the following actions by shippers and LSP's to keep existing drivers and attract new drivers



Shipper Optimization Initiatives

- Improve driver facilities on site (sanitary, canteen, waiting room)
- Respectful human contact with drivers
- Safety of drivers taken seriously: e.g. parking at the gate, safe loading/unloading conditions
- Provide driver with info on delays
- Invite drivers to internal trainings
- Recognize driver as representative of the chemical industry on the road

Increase Number of drivers

Collaboration

- PR programmes to improve image of transport to the public at large
- Tools to facilitate communication between drivers and site personnel (e.g. Transperanto)

LSP Optimization Initiatives

- Improve remuneration packages for highly specialized bulk and/or ADR drivers
- Support apprenticeships
- Provide training to drivers
- Integrate driver's needs in planning process
- Report unsafe conditions
- Career development for drivers
- Participate in promotion of the importance of transportation and the driver profession

Joint industry initiatives

In co-operation between IRU, BusinessEurope, Cefic, ECTA and other industry sectors the following initiatives should be launched

- Raise awareness in companies (Cefic/ECTA to promote the use of this presentation)
- Detailed survey amongst stakeholders (IRU with support from the European Commission)
- Advocate industry position at European Commission (BusinessEurope)
- Raise driver shortage at logistics bottlenecks review of DG TREN (IRU)
- General campaigns to improve transport image (IRU/ECTA to lead)
- Promotion of driver training programmes (IRU/ECTA to lead)
- Advocacy on specific issues e.g. weights & dimensions, cabotage, security,...



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Conclusions

- **Current awareness of the issue is low**
- **The problem will not go away but will become more and more acute ... if no action is taken**
- **It will have a serious impact on the business: decreasing ability to deliver products ... in time**
- **All stakeholders have a role to play**

Urgent action is needed now!