

Transporting your Products to Market

The liberalization of the now heavily protected transportation services within the EC by 1992 will create faster and more economic distribution networks for European markets. With barriers coming down, companies are scrambling to set up distribution channels and dealerships throughout Europe.

The transportation industry itself, consisting largely of SMEs, is expected to go through major restructuring with mergers, acquisitions, and rationalization of routes and equipment. Smaller, localized transportation companies will face increased competition as the larger companies spread out across the EC. Increased competition and the removal of frontier controls will lower transportation costs.

Cheaper transportation costs and the freer movement of goods will enable you to move your production facility to a lower cost region or to where the skilled labour or expertise you need is more readily available. It will also enable you to market your product in more remote regions and to use fewer warehouses – perhaps only one.

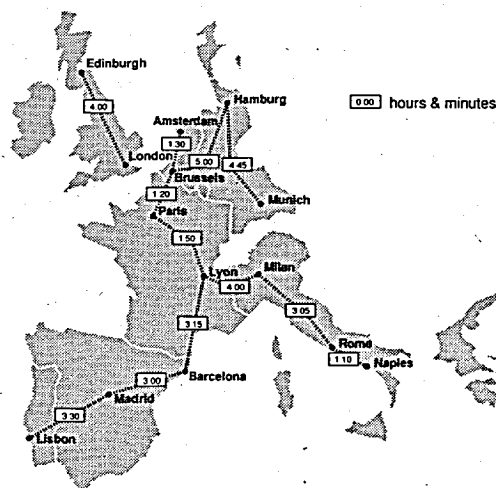
The major Dutch centres (Amsterdam and Rotterdam) are the cities most likely to grow as distribution centres, because of their central location, major sea and airports, and strong local trucking industry. Ashford, Kent, about halfway between London and the Channel Tunnel ("The Chunnel"), is expected to be a major distribution centre when the tunnel is completed. In general, the U.K. and the Netherlands have relatively deregulated transportation markets, while France and West Germany tend to be the most regulated.

Road haulage quotas and permits, abolished in June 1988, once forced 30% of trucks to travel empty between EC members. The issue of cabotage is expected to be resolved, enabling hauliers registered in one EC member state to operate transport services

wholly in another member state. To date, countries which allow free access (or relatively free access) in terms of road haulage of goods are the U.K., Denmark, the Benelux countries, and Greece.

High-speed trains could soon halve ground-travel times. The EC, Switzerland, and Austria want to knit Europe together with 30,600 kilometres of special track, two-thirds of it for trains running at more than 240 kilometres per hour. The cost is estimated at around \$100 billion. While rail freight is used much more commonly in Europe than in North America, it has recently been losing ground to road haulage, particularly in the U.K. To ease road congestion, other countries stipulate that rail freight must constitute a certain portion of transported goods.

High Speed Rail Network



Air transportation in Europe was deregulated in 1987, allowing more competitive fares, opening new routes to competition, and actively discouraging anti-competitive practices. Further measures are to be submitted by June 1990. They include the promotion of scheduled EC inter-regional air services for transporting passengers, mail, and cargo.