GREEN STRING CORRIDOR

Changes in the transport and logistics sector in the STRING region

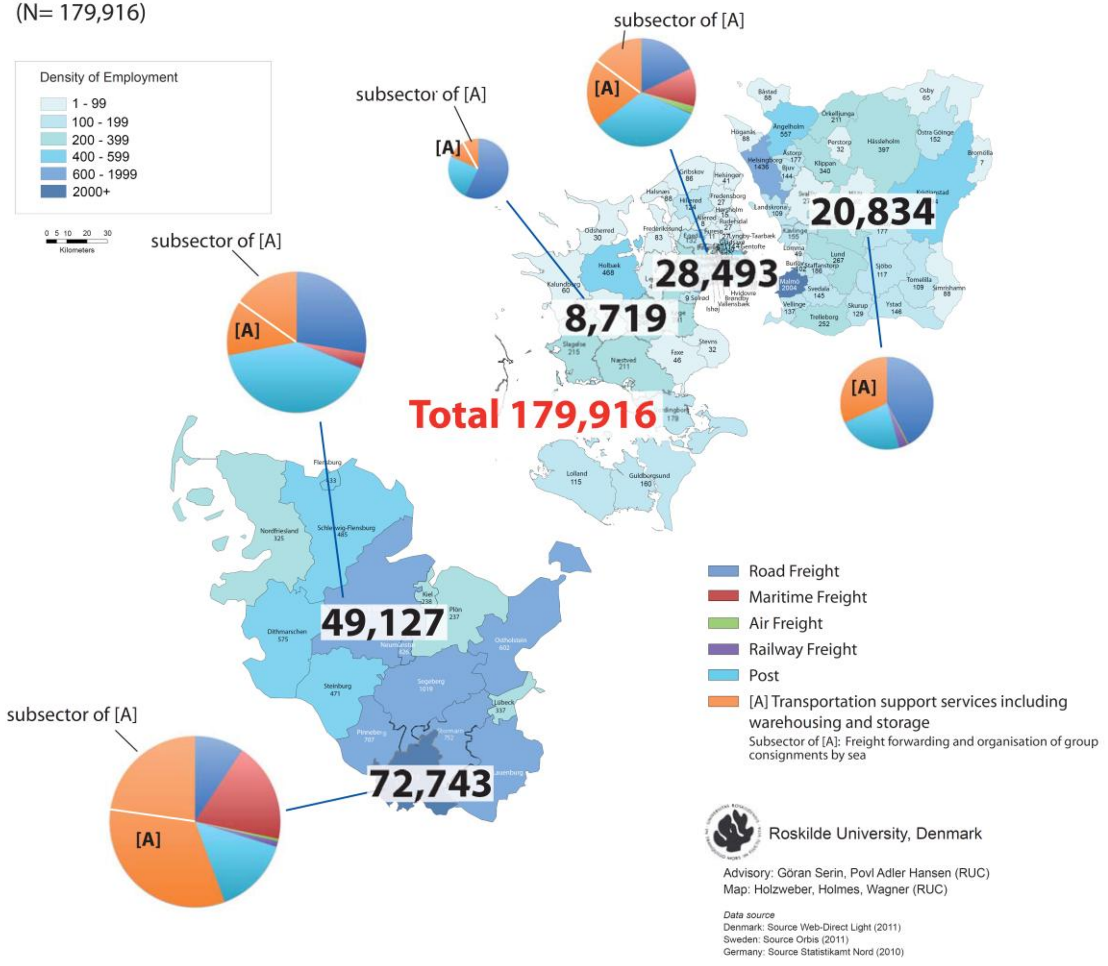
Transportation is at present subject to complex conditions and of fundamental importance to a stable economic development. The transport and logistics industry in the STRING region is vital for capitalizing the benefits of the upcoming large infrastructure investments for the wider regional development – especially with the expected opening of the fixed link across the Fehmarnbelt in 2021. Moreover, advanced transport and logistics infrastructure has become an important competitive parameter in the increasing competition between regions in Europe, where at the same time transport has increased. Therefore this industry is important for the development of a green STRING corridor and changes to this sector can have a significant effect on this development.

Within the Green STRING corridor project Roskilde University has published a new study that documents employment figures, turnover and location of the transport and logistics sector in the STRING region. It analyses the structure of the freight transport and logistics sector in the five STRING regions, i.e. Scania in Sweden, the Capital Region and Region Zealand in Denmark, Hamburg and Schleswig Holstein in Germany.

With this in mind we present the five regions in the following material.

The employment in the freight transport and logistics sector, divided into subsectors in the five STRING regions in 2010

(N= 179,916)



The objective of the Green STRING Corridor is to highlight the potential of innovative transport and logistics solutions, and promote a green transport corridor between the Öresund Region and Hamburg.

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Approximately 180.000 employees in diverse transport and logistics industry

When looking at employment in the freight transport and logistics sector in the STRING region we can see that approximately 180.000 people are employed and distributed in a number of sub-branches. The freight transport sector is divided into different transport modes and support activities, which can include warehouses, terminals, ports and airports. Support activities like freight forwarding and organization of consignment by sea.

The structure of the freight transport and logistics sector differs between the five regions in the STRING region. But the development of the different sub-branches, within the transport and logistics industry, has also been diverse in the different areas of the STRING region.

The development of employment in freight transport and logistics in the STRING region divided into different regions (2008-2010)

	2008	2009	2010
Zealand	44,701	40,488	37,212
Scania	21,616	20,307	20,834
Hamburg	76,276	78,590	72,743
Schleswig-Holstein	49,499	49,050	49,127
Total	**192,092**	**188,435**	**179,916**

Source: Statistics Denmark, Statistics Sweden and Statistikamt Nord, special extracts.

The overall employment in the transport and logistics industry has been decreasing in recent years. But there are significant differences among the five STRING regions and across the sub-sectors.

The Hamburg area presents, not surprisingly, the strongest region measured in employment, which accounts for 40 % of the workforce in the industry. It is also characterized by a freight transport and logistics structure where maritime freight, transport support activities like freight forwarding and the organization of group consignment by sea are central parts of Hamburg's transport industry structure. Another region in STRING corridor, the Capital Region in Denmark, also has a strong maritime sector due to the localization of many global shipping companies. In contrast to Hamburg, the Copenhagen maritime companies operate primarily on a global scale and not within the STRING region.

Region Scania and Schleswig-Holstein display a relatively constant size of employment and number of firms in the same period, although with distinct differences in the composition of sub-sectors. Schleswig-Holstein has a very prominent and specialized position within the postal and courier sector which accounts for more than a ¼ of the total number of 49.000 employed in the regional transport and logistics industry.

Overall we can see that in the STRING corridor the important freight transport modes are road and maritime transport, where Hamburg has an important role as a global maritime hub. Air and rail freight transport are both of minor importance. It is possible to see that the structural change of the sector shows an increase in freight forwarding and decreasing in manual transport. That is production of more knowledge intensive services which in turn is indicated by a larger transport support sector and here especially freight forwarding and organization of group consignment by sea is primarily located in the centre region like Hamburg in Germany and the Capital Region in the Öresund Region. This upgrading of the sector can be seen as an answer to increasing international low wage competition within 'the manual' part of the freight transport and logistics sector - e.g. self employed drivers.

Impact of cyclical and structural changes for the sector

The crisis in 2009 has led to a decrease in employment in the transport and logistics sector in all regions except for Schleswig-Holstein. This is also natural taking into consideration that freight transport is a very cyclical industry – transport activities are services and therefore close related to import and export activities. The data from Zealand and Region Scania (Öresund Region) that goes back to 1998 is interesting as it shows a decrease over a longer period from 1998 – 2010, indicating that the employment e.g. on the Zealand is not only caused by cyclical movements but also by structural changes.

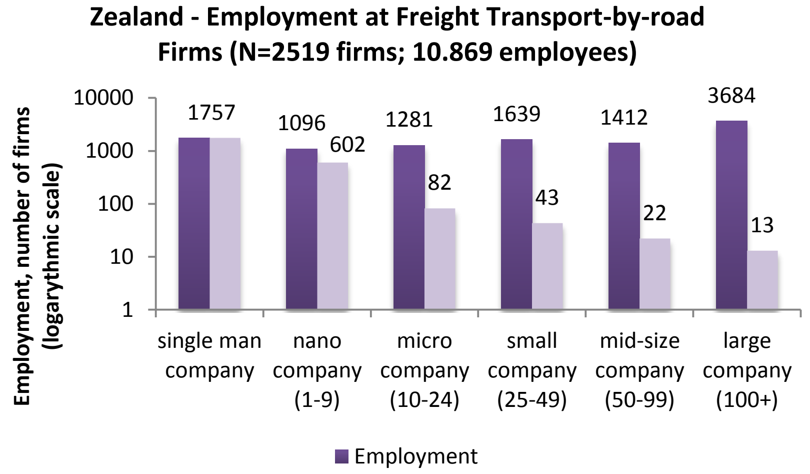
For example for the freight transport by road the employment for Zealand has decreased, while the employment for Scania has increased in the same period. This also shows a decrease in freight volume in freight transports by road on Zealand during the last decade. Moreover a decrease in freight transport by road could also be an explanation for a faster structural industrial change for Zealand, which stands for an increased share of service and a decreased share of manufacturing, this development in Region Scania has been less strong.

Overall it is possible to conclude that the economic crisis has negatively influenced the road based transport and logistics sector; both concerning employment and turnover. Moreover the development of the industrial structure has had an impact on this sector by road, where the deindustrialization and increasing production of services imply less need for freight transport by road. Hence, it is possible to imply that this sector has different development patterns depending on the industrial structure that exist in the different areas in the STRING region.

Large sub-sector in the STRING region: characteristics of freight transport by road

Freight transport by road is the largest mode of transport both in the EU and in the STRING region, both measured in transport volume and employment.

As seen in the figure below, the freight transport by road industry on Zealand is characterized by a few large companies with a large share of employment and many small companies.



Source: WEB-DIRECT light (2011)

In Region Zealand the road transport sector dominates the total number of companies and employment. But at the same time this sector is one of the sub-sectors suffering the greatest overall loss of jobs within the transport and logistics industry since the late 1990's.

The company structure of this sector indicates that it consists of a rather high share of a small number of large companies, both in Zealand and in Scania. These larger road transport companies are often global companies and therefore have an important role in upgrading the technology of the sector within the two regions. On Zealand alone 13 companies stand for 34% of the employment, hence the freight transport by road is characterized by a few large firms with a large share of employment and many small firms.

With their global external network they have the possibility to absorb external knowledge that has been gathered worldwide and through their extended resources these companies possess a greater innovative potential. Therefore the existence of these companies can be of importance for the technological and operational upgrading of the road transport sector in the STRING corridor, because these companies constitute a channel for transferring knowledge to smaller industry actors by outsourcing part of their activities to smaller companies.

An important factor is that these large firms, such as DB Schenker and DHL, are boundary transcendent, which means that they operate in different sub industries and therefore can transfer and integrate innovation and technologies between these industries. They have typically outsourced rather simple transport part from A to B and focusing instead on activities that organise whole supply chain solution.

A common tendency in the STRING region is that firms dealing with freight transport by road agglomerate close to existing transport infrastructure and especially along the European route network.

Development of the postal sector

The postal sector has gone through large changes, both institutionally with the opening for private competition, and technologically. These changes had an impact on the competitive situation and the content of the services handled by the post sector, where e-mail has strongly reduced the distribution of letters. Furthermore the liberalization process of the postal market has been quite different in the three countries in the STRING region, where the development has gone furthest in Germany where 'Deutsche Post' has been privatized, while the postal services in Sweden and Denmark are still owned by the state, although there is private distribution of mail in Sweden. The former monopole organisations have been forced to re-/new organise and develop strategies to meet the competitive pressure. The universal service obligation part (USO) has generally been kept by the former monopolies due to weakling markets and the advantage of large scale production.

Fact:
- The postal sector has the highest number of employment in the STRING region.
- It represents the most innovative transport and logistc sector in the STRING region.

Changes
- Structural change through liberalization of the sector led to increased competition.
- Sharp decline in distribution of letters.
- Increase in distribution of parcels by private companies.

New business oppportunities
- Digital and internet solutions were developed.
- Hybrid mail, on-line postage, e-stamps and more.

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