



Leading European Transport and Logistics Markets



CONTENTS

INTRODUCTION	3	NETHERLANDS	90
EUROPEAN LOGISTICS MARKET DATA	4	NORWAY	95
CONTRACT LOGISTICS MARKET SIZE AND FORECAST	4	POLAND	100
FREIGHT FORWARDING MARKET SIZE AND FORECAST	5	PORTUGAL	105
EXPRESS AND SMALL PARCELS MARKET SIZE AND FORECAST	6	ROMANIA	110
ROAD FREIGHT MARKET SIZE AND FORECAST	7	SLOVAKIA	115
TOP 10 EUROPEAN ROAD FREIGHT DOMESTIC MARKETS (EXC. CABOTAGE)	8	SPAIN	120
TOP 10 EUROPEAN ROAD FREIGHT CABOTAGE MARKETS	9	SWEDEN	125
TOP 10 EUROPEAN ROAD FREIGHT IMPORTING COUNTRIES	9	SWITZERLAND	130
TOP 10 EUROPEAN ROAD FREIGHT EXPORTING COUNTRIES	10	TURKEY	135
TOP 10 EUROPEAN ROAD FREIGHT TRADE LANES	10	UNITED KINGDOM	139
ROAD FREIGHT PRICE GROWTH BY COUNTRY	11	APPENDIX	146
AIR FREIGHT TONNAGE BY COUNTRY	12	METHODOLOGY: CONTRACT LOGISTICS MARKET SIZING	146
SEA FREIGHT THROUGHPUT BY PORT	13	METHODOLOGY: EXPRESS AND SMALL PARCELS MARKET SIZING	147
COUNTRY PROFILES	14	METHODOLOGY: FREIGHT FORWARDING MARKET SIZE SIZING	148
AUSTRIA	14	METHODOLOGY: ROAD FREIGHT TRANSPORT MARKET SIZING	150
BELGIUM	19	TOP 10 LOGISTICS PROVIDERS	151
BULGARIA	24	ABOUT TI	152
CZECH REPUBLIC	29		
DENMARK	34		
ESTONIA	39		
FINLAND	43		
FRANCE	48		
GERMANY	54		
GREECE	60		
HUNGARY	65		
IRELAND	70		
ITALY	75		
LATVIA	80		
LITHUANIA	85		



Introduction

At the end of 2017, the economic situation in Europe appears to be relatively healthy. The IMF forecasts that EU economic growth in 2017 will be 2.3%, up slightly from growth of 2.0% in 2016. These figures are a marked improvement on market conditions in 2012 and 2013, when economic growth was -0.4% and 0.3% respectively. Back then, the policy of the day was austerity, but governments collectively have since adopted looser fiscal policy stances.

Looking ahead, the IMF expects real GDP growth rates in each year from 2018 to 2022 to be between 2.1% and 1.6%, with growth gradually slowing down over the period. Over the next five years then, general market conditions are expected to be less favourable for logistics providers than in 2017, although one must bear in mind that the story is different for each particular logistics market.

The fortunes of all logistics markets in Europe are linked to economic growth to one extent or another. Road freight and contract logistics seem to have the tightest link. Freight forwarding is somewhat removed as trade volume growth matters most, leaving it relatively more vulnerable to changing market conditions outside of Europe. Elsewhere,

growth in the express and small parcels sector is primarily powered by the structural shift towards online retail, seeing it achieve considerably higher growth rates than other logistics sectors.

All in all, Europe's logistics industry currently appears to be enjoying something of an upturn. Logistics service providers ought to be doing well.

In this report, detailed country profiles for 26 European markets are provided. They include qualitative and quantitative summaries of the state of each country's logistics market, measures of logistics performance and infrastructure quality, market sizing data, rankings of the largest logistics providers, infrastructure maps highlighting core logistics hubs, infrastructure summaries (road, rail, ports and airports) and charts revealing each country's largest import and export road freight partners.

To put this all into context, a chapter featuring European-level data and data comparing all European countries is also provided. Market sizes and forecasts for the express and small parcels, road freight, contract logistics and freight forwarding sectors are presented, in addition to road, air and sea volume data.

Fundamentally, this report provides a comprehensive overview of logistics in Europe.



European Logistics Market Data

CONTRACT LOGISTICS MARKET SIZE AND FORECAST

Europe's contract logistics market is estimated to have grown by 2.0% in real terms in 2016, down from the 2.3% growth recorded in 2015. Contract logistics in Western Europe grew 1.8% in real terms, whilst Central & Eastern Europe grew at 4.8%.

IMF data asserts that real GDP growth for the European Union was 1.9% in 2016. Although down on 2015, the European Union continued to show resilience over the year, even with significant political events (such as Brexit and the Italian government's referendum defeat) providing uncertainty.

Real retail sales growth in the EU was recorded by the OECD at 2.8% in 2016, compared to 3.4% the previous year, while growth in the construction sector was put at 1.4% (2015: 0.6%). The OECD also recorded weaker manufacturing production growth in the Euro area at 1.5%, down from 2.3% in 2015. All in all, the upshot was that overall market conditions across Europe for contract logistics providers were weaker than in the previous year, with demand from the consumer/retail and manufacturing sectors slowing, even though demand from construction improved.

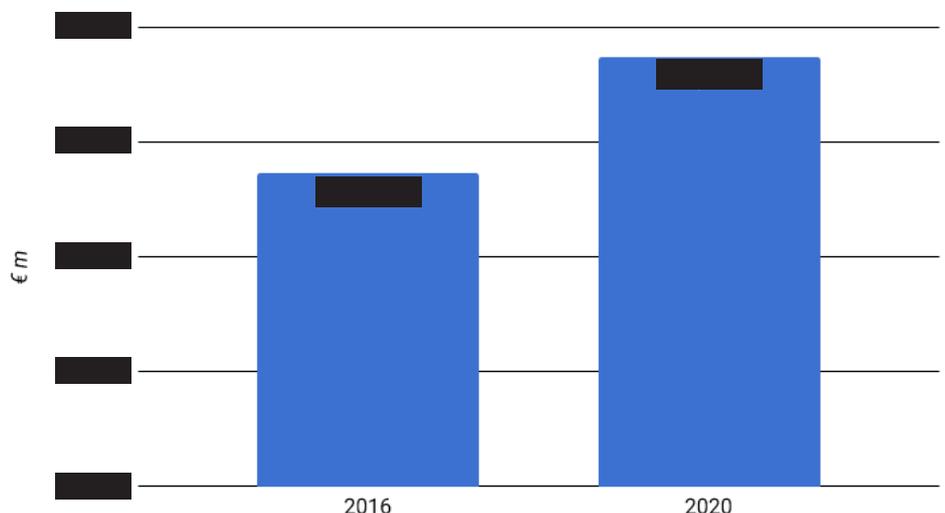
Europe's real CAGR from 2016-2020 is forecast at 1.9%. This is down slightly from the 2015-2019 CAGR forecast last year, which was 2.1%.

Western Europe will continue to dominate the contract logistics market in the region, with a share of over 90% of the market. However, Central and Eastern European nations will show higher future growth rates. The five largest Western European markets will grow at a real 2016-2020 CAGR of 1.6%, whilst the top five Central and Eastern European nations will grow at

a real 2016-2020 CAGR of 4.8%.

Macroeconomic trends appear not to suggest any particular added impetus for contract logistics. One of the major growth markets in logistics has been e-commerce and this will continue to provide opportunities for European 3PLs. The transition to omnichannel retailing presents new challenges to retailers in highly formalised markets. Those 3PLs that can adapt to provide solutions in omnichannel retailing will see themselves gaining an advantage on their rivals.

Europe contract logistics market size and forecast



Belgium



Background	
<p>Economic overview</p> <ul style="list-style-type: none"> Belgium is the world's 24th largest economy, with GDP of €425bn. Belgium has the world's 20th highest standard of living, with GDP per capita of €37,496. Belgium is the world's 11th largest exporter, with export of €360bn. Belgium is the world's 13th largest importer, with imports of €337bn. 	<p>Growth prospects</p> <ul style="list-style-type: none"> For the period 2016-2020, real GDP growth, on average, is predicted at 1.4%. On the same basis, real import growth is predicted at 3.7%. Real export growth is predicted at 3.6%.
<p>Key issues and risks</p> <ul style="list-style-type: none"> Highly dependent on the Western European economic cycle for exports of goods and services. Belgium's position as one of Europe's hubs for air and sea freight leaves it exposed to global economic fluctuations more than most. Terrorist attacks in March 2016 resulted in the decline in the tourism industry and shut down of Belgium's major airports. Tourism income will struggle to return to pre-terrorist attack levels. 	<p>Transport and logistics overview</p> <ul style="list-style-type: none"> Ranks 6th in World Bank's Logistics Performance Index, scoring 4.11 out of 5. The World Economic Forum ranks the quality of its roads as the 35th best globally, scoring 4.9 out of 7. Its railroads rank 17th best globally, scoring 4.9 out of 7. Its ports rank 6th best globally, scoring 6.1 out of 7. Its airports rank 19th best globally, scoring 5.27 out of 7.

Source: TI

Analysis

Belgium is situated in north-west Europe, bordering the North Sea. It is positioned within a significant Northern European logistics corridor and benefits from land borders with France (to the west), and the Netherlands, Luxembourg and Germany (to the east). It also has a direct rail connection to the UK. Its capital, Brussels, is home to numerous international organisations including the EU and NATO.

Belgium has a modern, open and private enterprise-based economy. It has capitalised on its central geographic location, highly developed transport network and diversified industrial and commercial base. Industry is concentrated in the more heavily-populated northern region of Flanders. With few natural resources, Belgium is dependent on international trade, making its economy vulnerable to shifts in foreign demand. In particular, Belgium is one of the EU member states

most exposed to a downturn in British demand, which could occur depending on the nature of the latter's eventual departure from the EU.

Belgium claims to be the most 'global' country in the world. Its openness to foreign companies has attracted over 1,400 international non-governmental organisations, in addition to a number of global and regional governance organisations and businesses. This, combined with its central location (80% of Europe's purchasing power lies within a radius of 500 miles of Brussels), has made it a renowned consumer test market.

It has therefore been vital for Belgium to constantly improve its infrastructure to meet Europe's needs. Its port in Antwerp is a key transit hub for the rest of Europe. In 2016, Antwerp handled over 10m TEUs. Whilst second only to Rotterdam, its annual throughput growth has been stronger than its Dutch rival for each of the last five years. In 2016, it

did in part benefit from the decline of the Port of Zeebrugge, where PSA closed an 800,000 container terminal at the end of 2015. Overall though, container volumes in Belgian ports grew by 2.0% in 2016.

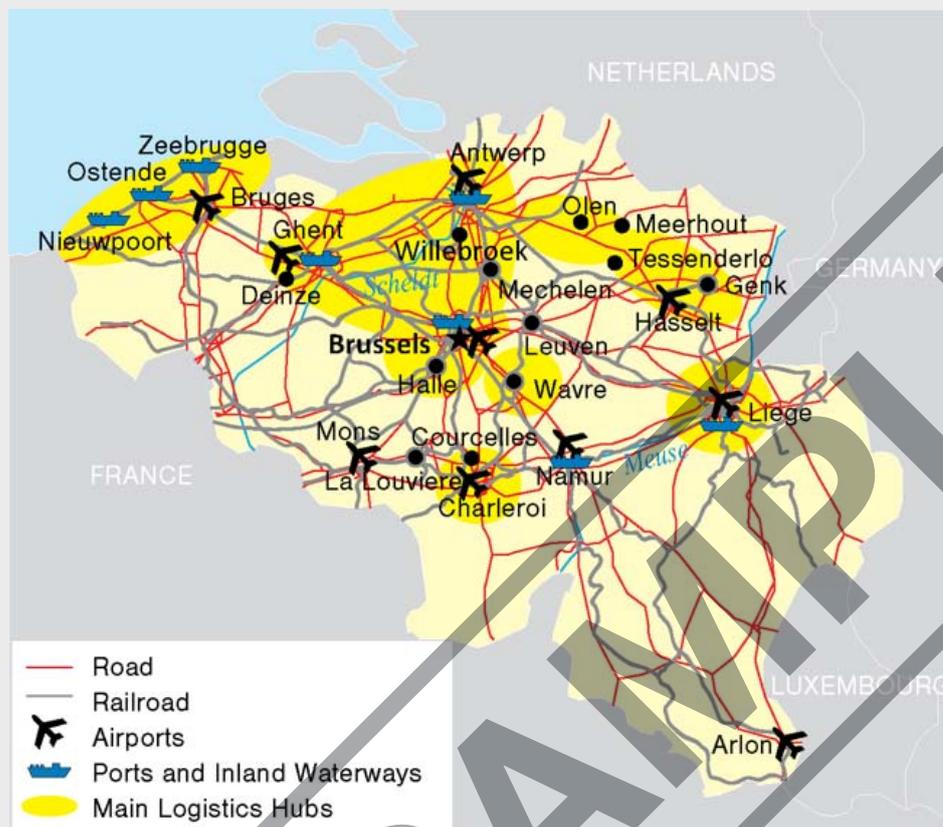
Liège airport is another key infrastructure asset to Belgium, handling over 660,000 tonnes of freight in 2016. Liège benefits from its position in the heart of the European "golden triangle" between Paris, Frankfurt and Amsterdam, where approximately two thirds of European freight passes through. Its nearby logistics facility, Flexport City, has 85 ha of land to facilitate freight handling at the airport. Meanwhile Brussels airport handled 495,000 tonnes in 2016.

It is these key infrastructure assets that help make Belgium a major hub and key logistics base for the rest of Europe. Belgium is at a critical point on the European supply chain. In Flanders, a region with an area of 13,522 sq km, there are over 800 European distribution centres, which gives it the highest density of European distribution centres on the continent. It is telling that major global logistics providers are amongst the largest in its market. Recently, GEFCO opened a freight forwarding office in Antwerp and DHL extended its temperate controlled area at Brussels airport from 1,750 sq m to 5,300 sq m. However, there is more than enough room for home-grown players such as Bpost, H. Essers, Fockedeij and Ziegler to command a strong share of the market.

Belgium



Infrastructure



international motorways with a combined length of 1,763 km connecting to France, Germany, and the Netherlands, an extensive regional road of 12,585 km and the provincial road of 1,349 km network.

The Brussels Ring Road is among the primary transport axes in Belgium. It serves as the main route to the national airport, connecting to the capital of Belgium and the European organisations' headquarters, and the widely stretched economic region around Brussels. In 2016, a redevelopment project on the Brussels Ring Road comprising the reconstruction of the motorway R0 over a distance of 20 km and the creation of three new public transport lines and bicycle connections to and from Brussels was announced. With an investment of €2bn, the project is scheduled to start in August 2019.

Road

Belgium has a highly developed transport infrastructure. The road network consists of highways, national and regional roads, and communal roads (streets). Regional authorities

manage the road network in Belgium. The Flemish Region, the Walloon Region, and the Brussels-Capital Region, each manage their respective road network. It consists of seven

At the end of 2017, a new highway A11 linking Bruges to Knokke-Heist will open to traffic. It includes a 12 km motorway and 15 km of new cycle lanes; the routes will be used by approximately 3,000,000 vehicles.

Rail

With a density of 11.8 km per 100 sq km, Belgium has the second largest rail network in the EU (European Union), carrying over 62m tonnes of freight each year. This is crucial for its intermodal facilities from key ports in Antwerp and Zeebrugge. It has international links with the Netherlands, Germany, Luxembourg, France and the UK. It also has one of the highest densities of electrified rail infrastructure.

In 2016, as part of the strategic linkup between Brussels and Denderleeuw, the Belgian railway infrastructure authorised two new tracks; the two-track Line 50A of the Brussels–Denderleeuw railway line forms a part of the Regional Express Network (GEN) for expansion. Through GEN, the capacity of the main railway lines to the Brussels has been increased to four tracks.

Many other expansion projects are underway such as electrification of the cross-border railway line 19 between Belgium and Netherlands and construction of 465 m of railway track on the Athus-Meuse railway line these are currently in proposed stage and scheduled to be started by the end of 2017.

In 2017, Ekol announced the launch

Belgium



of a new block train connecting the North Sea and Mediterranean Sea. The

service between Zeebrugge and Trieste, Italy, it is expected to carry around 5,000

shipments per year for Ekol.

Air

The major airports of Belgium include Antwerp, Brussels, Charleroi, Kortrijk, Liège, and Ostend. Brussels and Liège Airport are Belgium's biggest airports in terms cargo traffic. Both of these airports are the fastest growing airports in terms of value-added services and employment.

In 2016, Brussels airport handled transported 495,000 tonnes of air cargo volume whereas Liège Airport transported 660,665 tonnes of cargo volume. TNT operates a 75,000 sq m facility from Liège, one of the largest

sorting hubs in Europe.

In 2016, the Brussels Airport announced "Strategic Vision 2040" to increase airport's capacity to meet the growing market demand. This plan will include improvement of runway infrastructure, building of the additional piers and top-tier logistics centre to support the key sectors of the economy, such as the pharmaceutical and the biotechnology industries. It is planned to begin in 2025, while an initial optimisation phase of the existing infrastructure will be completed 2020. By 2040, Brussels

Airport seeks to establish a progressive business centre to accommodate further companies interested in setting up an office in the vicinity of the airport.

In 2017, L'Escale Liège announced plans to invest €18m in a major real estate project at Liège airport. Whilst the majority of the investment is mainly aimed at developments in the business park away from the 85 ha dedicated logistics centre, around 10 ha of land is set to be developed in the logistics centre.

Inland Waterways

Belgium offers world class water transport facilities with the port of Antwerp (the second largest seaport in Europe), the deep sea container port of Zeebrugge, the port of Ghent, and the inland ports of Liège and Brussels, Liège being the second European inland port.

The Belgian port system saw a modest traffic increase from 11.23m TEUs in 2015 to 11.45m TEUs in 2016. As of 2016, the port of Antwerp handled 208.4m tonnes of maritime freight

volume, 10.0m tonnes of conventional general cargo volume, 66.7m tonnes of liquid bulk volume and 4.7m tonnes of total roll-on/roll-off volume.

Responding to increased storage demand, Port of Zeebrugge in 2016 put forward plans to expand automotive capacity by 40%. The expansion will include construction of a new 1,070 m quay wall, 70 hectares at the Boudewijn Canal, and 1,130 m quay wall to be built to allow the mooring of sea vessels. The inner port currently uses 390 hectares

for car logistics; this project will add 156 hectares in total. With the new capacity in use, the port expects to reach a turnover of 3.4m vehicles by 2020.

In the coming few years, the port of Antwerp will transform with various investments received from a Belgian Shipping company, The SEA-Invest group. The company plans to invest €250m for the construction of a new tanker terminal in the Delwaide dock, in an area of 465,342 sq m.

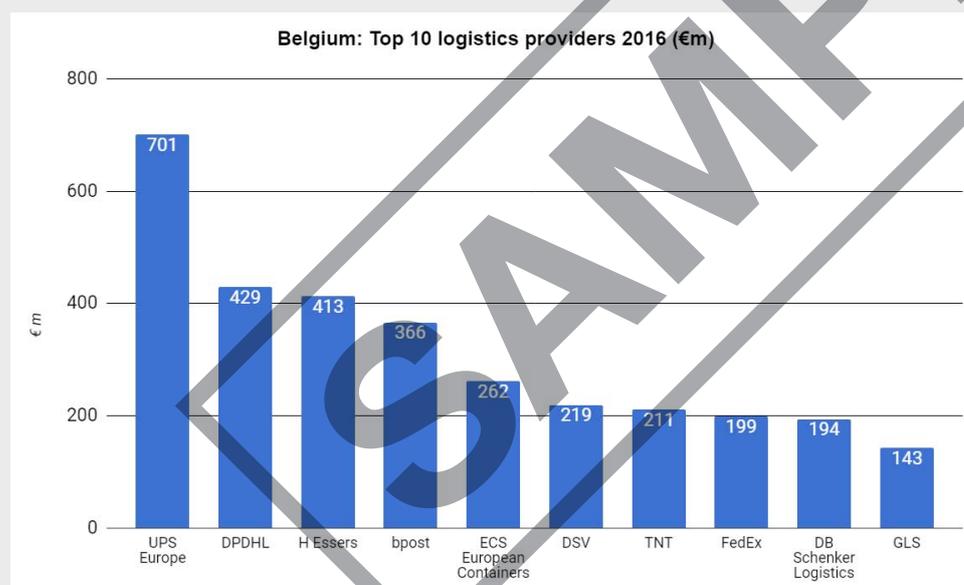


Market Size

Belgium: Logistics Market Sizing Data				
Market	2016 Real Growth Rate	2016 Market Size (€m)	2016-2020 Real CAGR	2020 Market Size (in real terms)
Contract Logistics	██████	██████	██████	██████
Express	██████	██████	██████	██████
Freight Forwarding	██████	██████	██████	██████
Road Freight	██████	██████	██████	██████

Source: Ti

Logistics Providers



Note: Revenues for UPS Europe and ECS European Containers are not specific to Belgium. Country-specific figures are not available. Revenues for all other companies are country-specific.

Note: The methodology used by Ti for estimating the revenues of the Top 10 logistics providers can be found in the Appendix

Brief summaries of the activities of the top 5 logistics companies in Belgium

1. UPS Europe has its regional headquarters located in Brussels, Belgium. Its operations are divided between package and non-package activities. In Belgium it offers import, export and domestic shipping.

2. DPDHL provides its full suite of services across Belgium via its Global Forwarding, Supply Chain, Express and Freight divisions. The majority of its

facilities are located in the north-west of the country, along the Dutch border. DPDHL boasts more than 369,200 sq m of floor space in Belgium.

3. H. Essers is a contract logistics company, headquartered in Belgium, with operations across Europe. It provides air and sea freight, road and rail logistics, contract logistics, project and bulk logistics, cold chain logistics,

intermodal transport, freight forwarding and distribution services.

4. bpost provides national and international mail services comprising the collection, transportation, sortation and distribution of mail, printed documents, newspapers and parcels, as well as addressed and non-addressed documents. Through its subsidiaries and business units it also sells a range of

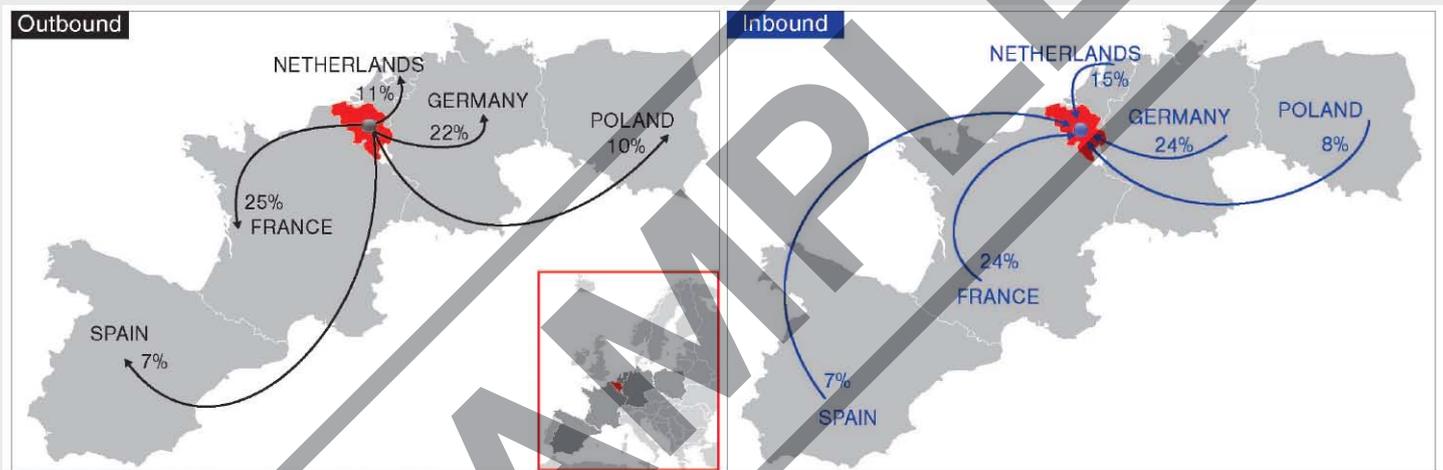
Belgium



other products and services, including postal, banking and financial products, express delivery services, document management services and related activities.

5. ECS European Containers is an intermodal logistics operator based in Zeebrugge, Belgium. It specialises in the transport of containers between the UK & Ireland and mainland Europe.

Origins and destinations of international road freight



Key destinations and origins of international road freight in Belgium (2016)					
Loaded in Belgium			Unloaded in Belgium		
	m tkm	%		m tkm	%
France	9,271	25%	France	6,907	24%
Germany	8,215	22%	Germany	6,899	24%
Netherlands	3,939	11%	Netherlands	4,323	15%
Poland	3,738	10%	Poland	2,343	8%
Spain	2,722	7%	Spain	2,062	7%
Other	9,001	24%	Other	5,997	21%
All countries	36,886	100%	All countries	28,531	100%

Source: Eurostat

Note: Tkm data here measures the top origin and destination markets for Belgium to/from EU28, Norway and Switzerland. Transports made by all EU28 registered hauliers are included (data is not available for all nationalities).

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