

## **Accelerating growth forecast for East European Trailer Market**

CLEAR International has just issued its latest forecast for the East European Trailer Market. The outlook for the market has improved compared to the last report issued six months ago. Trailer demand will be higher for the 2015-17 period. 2014 would also have seen an improved outlook but for the conflict in the Crimea between the Ukraine and Russia. As a consequence of events there, both markets have been quite heavily marked down.

On the other hand Poland and Turkey proved stronger in 2013 than anticipated, and this strength will continue throughout the forecast period.

There is a feature of road transport in Eastern Europe which makes this market very different from Western Europe. That is, that the demand for road transport is dominated by international journeys. In Western Europe most of the traffic is national in nature, as goods are moved around within a country's borders. In the East up to 90% of goods movements are international in nature in some countries.

The good news is that for Eastern Europe trade in goods, both exports and imports, reached an all time high at the end of 2013. Also the economic forecast is for several years of GDP and investment growth, which will result in higher levels of trade and more demand for road transport.

If you are going to undertake international (long distance) transport you need a truck and trailer that's not too old and hasn't done too many miles. This is obviously welcome news for trailer manufacturers. However, whereas some East European countries will see significant increases in new trailer demand as a consequence, others already have a large enough trailer fleets, and only require new trailers to replace old units. They don't need extra trailers to expand the fleet.

For example, Poland hasn't had a recession in the last twenty years. Only two years in that twenty have had GDP growth less than 2%. However, even Poland has not been immune to the effects of the 2009 crash. Its export/import trade in goods plummeted like everyone else's. Investment growth has been negative in four of the last five years. New trailer registrations fell from 26,000 to 6,000 between 2007 and 2009.

Nevertheless, Poland's new trailer market has recovered fairly well. Even at the trailer demand levels of 2013 its trailer fleet will expand quickly enough to meet future road transport levels. So we shouldn't look for a large rise in annual trailer sales from current levels.

Gary Beecroft, managing director of CLEAR commented, "The problems in the Crimea has weakened the prospects for Russia and Ukraine for 2014, but as a consequence both countries will have above average trailer market growth in 2015/16, provided matters settle down during this year. By 2016 trailer demand for the region will be back at the pre-recession level of 2008."