

**Urban Freight for Livable Cities:
-How to deal with collaboration and trade-offs**

Concluding Remarks /Arne Wittlöv

During our open dialogue session some speakers questioned why industry do not release some of the burden city freight impose on the urban environment at the cost of some “limited” increase in the transport cost.

As an industrialist through my whole career, I know that in industry, cost is fiercely attacked wherever it occurs in the value chain. Competition forces every enterprise, every day to deliver better/more desirable products at constantly lower/more affordable prices.

And the attack on cost covers the whole value chain – regardless where, how much or how little. One cent is always one cent, and the savings go directly down to the bottom line. The relative size of transport cost as share of total cost was discussed, mainly with the opinion that the share is small, almost insignificant. The share of total cost varies widely between industry – but 10 – 20% is frequently seen, which means it is a substantial part of the total cost. And do remember, many companies run with a operating margin of 3 – 5%. At 4% operating margin, which is a quite normal figure, a “modest” cost increase of 1% erodes 25% of the total operating profit!

Economy of scale, differences in labor cost, market location, cost of transport and many more factors are all components which are brought into the decision process continuously defining, and redefining, the foot print of every enterprise. And cost is shaved off in every step – that is the rule of the game.

The winners are we, the Customers! The constant race in competition is the reason why we, as customers, can afford the consumption we look for. We have the benefit of all these efforts.

Peter Hendy mentioned the saying, “To die for a good cause” – and added that this is not a good option – It is better to stay alive and fight for the good cause! That is exactly what industry is about.

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Many discussions during this symposium have, not surprisingly, demonstrated contrasting approaches to the issue of urban freight, opening up for totally different views on what can/should be done. I would like to address two different areas were I have noticed this bifurcation: One is regarding method of work (A), the other is about time horizons (B).

Regarding methods of work (A) I have noticed two contrasting approaches to how to move forward, which have come up several times:

1. The analytical modeling approach and
2. The ad-hoc, behavioral approach.

1. The analytical modeling fulfills our intellectual desire to build a theoretical framework where relations (between actors) together with cost/benefits (internal/external) are all laid out. The intention is to visualize and structure the process. With the academic ambition to withstand every scrutiny of peers and others, no item is allowed to be left out, which makes the models quite complex. The process gets of course even more complex when data has to be harvested and processed. The basic idea is great – a model can describe the over all situation, and the open process in exercising the model could be helpful in creating trust between the parties involved.

A problem with this approach is of course the severe lack of reliable data. To collect the necessary data to put the model in operation seem insurmountable, causing major obstacles in the way forward in dealing with the real problem, to get stakeholders and actors to move.

Further more, these models are by definition generic, but we have stated several times that the issue of urban freight transport is highly context specific. “Context is everything” – has been said.

2. The ad-hoc, behavioral model as described in some case studies operates with limited amount of data, more based upon identified needs to bring stakeholders on board to react. The case from London is a good example, as is the example from New York. A VREF CoE working with a project in Nairobi has expressed their research question as “How to provoke change?” where a limited amount of selected key data is the crucial provocation. This model is highly context specific but might lack enough continuity and transparency in its process to ensure for the necessary trust between players.

Both models have their relevance, but there is obviously a balance to be found dependant upon the specific situation and to what extent there is focus on to really initiate change.

The other area (B) of contrasting approaches is different views on time horizon for intervention or in studies:

- 1). Short term with incremental steps and
- 2). Long term where completely different solutions are sought after

In short term approaches, like the London case, incremental improvements are achieved. Many of us have felt that these steps are very encouraging. Others however feel that though the preconditions in London were very positive for introducing change; the powerful authority of Transport for London and the extraordinary pressure caused by The Games, the improvements were just limited or “incremental”. And find it further discouraging that no long term view on this important matter seems to exist. It is more than clear that incremental steps, such as in London, will not take us to livable cities for the future.

In my view we have to work with both approaches, recognizing that for the longer term strategy the incremental approach is a totally wrong strategy – and vice versa.

In the incremental approach you have to deal with the “paradigm of commercial freight” – on the terms of the commercial market. To accept that business build silos and accept to enter these silos rather than breaking them down.

In the longer term approach you must identify the need for transport, mobility and accessibility as a whole in the urban environment, freight and passenger, and in the context of the overall urban structure. For steps of action you need to identify what constitutes these silos in order to be able to break them down. Several examples of how silos are fortified are mentioned during this Symposium, for example the differences in how education in personal transport and freight is structured.

So, we must be able to have two different strategies in mind simultaneously – and understand when and how to use them!

In the International Program Committee (IPC) we were very well aware of the need to be able to deal with short term and long term issues as well as passenger and freight transport simultaneously. Still, we put the

Urban Freight Transport on top of the agenda. There is a very clear reason for this: Our ambition was to make the freight issues VISIBLE. Our intention was to make you all really consider and try to understand the urban freight transport component! – but in the context of “Livable Cities”. That is how we articulated the main theme of this Symposium.

The discussions in the IPC have really been good examples of “collaboration and trade-offs”. Several themes were proposed during our discussions: such as

- Governance, Accountability and Transparency.
- Risk Analysis – short/long term – and tool-boxes available,
- Objectives and Indicators, to support action, transparency and trust.
- And several other

Finally we brought them all together and agreed upon:

- Partnership and Leadership
- Sharing Urban Space
- Multilevel and multimodal interaction

My opinion is that we, during these days, have shed as much light on these aspects of Urban Freight Transport as we ever could expect. I want to thank my colleagues in the IPC for all their contributions. A very special thank you to Michael Browne and Lisa Sundell, invited experts to the Committee, for invaluable contributions

And finally, the most important outcome of this Symposium is what each of you brings back home and what effects that might bring in your future work.

Thank you for your participation and good luck in your future endeavor!