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JUST TRANSITION WEBINAR REPORT



Challenges for the labour market

**DELIVERING JOBS IN A
CHALLENGED SECTOR**

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WHY DO WE SAY: Freight is a challenged sector

The freight sector is facing an unprecedented jobs crisis. Rapidly changing technologies, the impacts of the pandemic, and long-term staff shortages are raising multiple challenges for employers both in the public and private sectors.



New players are continually emerging on the logistics scene, from instant grocery delivery apps to micro-locker operators. New partnerships are also being forged, creating exciting opportunities for distributing goods across the city — and beyond.

At the same time, current geopolitical tensions — the Ukraine war, rising energy prices, and availability of specific raw materials to name a few — are burdening global supply chains with consequences for users and employees in the logistics sector.

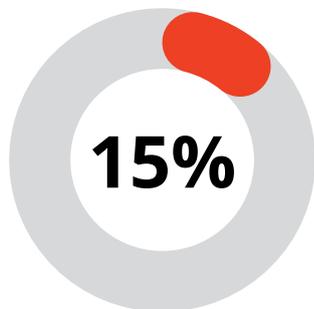
All these changes have had repercussions on required human resources: jobs have changed — some have been lost and many more gained. While shortages, shifts, and skills shake-ups have been part of a long-term trend, COVID-19 accelerated this transformation, renewing the urgency of action.

With the explosion of e-commerce, cities have become ground-zero for last-mile distribution solutions. Moreover, the sector is almost unrecognisable from a decade ago: for example, you can now order groceries to your door in 10 minutes, and drone technologies are already being trialled across Europe.





CO2 EMISSIONS OF URBAN TRANSPORT



MILES TRAVELLED ON CITY STREETS

Meanwhile, urban freight is responsible for 25% of CO₂ from urban transport, representing 10 to 15% of vehicle equivalent miles travelled on city streets. Solutions are being developed, from Zero-Emission Zones for Freight to cargo bike delivery; yet, few cities and countries have developed a vision for zero-emission operations specifically for the freight sector.

Decarbonising the sector is a huge challenge which requires completely new ways of thinking and working. However, changes also come with a need to place the welfare of workers higher on the agenda.

"There is a mismatch between the offer and demand, at the same time, technologies have the potential for positive developments but require clear and open discussions about the impacts on workers," said Raffaele Vergnani, POLIS' Urban Freight Working Group Coordinator.

The Just Transition Webinar '*Challenges for the labour market*' brought together key stakeholders from across the sector to explore this challenge, investigating the types of activities underway to ensure that fair and just conditions for workers are in place.

THE STORY SO FAR: The situation on the ground

The challenges facing recruiters and employers in the logistics sector have dominated headlines over the last several years. Worker shortages — particularly in haulage — are raising many questions for the future of the sector.

Meanwhile, new technologies are also radically reframing the skills needed, not just by drivers, but by functions across the industry. Indeed, the emergence and scale-up of small electric vehicles, white-label hubs, barrier-free access and micro-hubs are transforming the entire supply chain.

Gig platforms, which are now occupying a significant area of the logistics sector, are also raising questions *for* (and, indeed, growing scrutiny *of*) urban delivery workers and employers. Instant delivery platforms have introduced radical new business models which provide a new type of flexible working, facilitating employment. In Paris, the number of full-time couriers leapt by over 40% between 2016 and 2021, and New York is now home to an astonishing 65,000 delivery drivers.

Divergent legislative responses between countries and cities have prompted calls for greater harmonisation at the EU level; recent action, such as the EU Parliament's adoption of a position on platform workers directive, exhibits the increasing priority with which this is being treated.

"[...] Technologies may have positive developments on the freight sector, but require clear and open discussions about their impacts on workers"

Raffaele Vergnani



THE GLOBAL TRENDS IN SUPPLY CHAINS

An overview of supply chains' key social, technological, political, and environmental trends

"World population is expected to increase from 7.4 to 8.6 billion people, 97% of this growth in developing countries, with 80% of the population predicted to be living in cities", said Carolina Cipres, Director of Research of the Zaragoza Logistics Center.

Zaragoza Logistics Center (ZLC) is a research and educational institute affiliated with the Massachusetts Institute of Technology (MIT) and the University of Zaragoza (UZ) — it conducts extensive research on freight transportation and urban mobility.

"This is going to have significant impacts on supply chains, and us as logistics practitioners," she warned.

Cipres introduced ReSChape, a project which is examining the trends, changes and disruptions and their impact on supply chains, proposing new and innovative models, and Policy scenarios for positive social impact, including level playing field developments.

Indeed, both political activity and policy shape logistics at national and local levels. Moreover, trade route changes, consumer protection laws, data protection regulations, environmental regulations, tariffs, and employment laws all influence the supply chain.

"The pandemic has also shifted global trade, transforming supply chains, but also reigniting debates around the resilience of these global chains and the need to identify key bottlenecks and build durability," said Cipres.

"Yet, behind this, we need a paradigm change in how we operate our supply chains to make them more environmentally sustainable: processes are being put into place, but they are not yet as advanced as we urgently need."



ReSChape's objectives
Source: *ReSChape*

CHRONIC DRIVER SHORTAGES AND AN UNATTRACTIVE SECTOR

Driver shortages are creating critical challenges for the trucking sector. To explore this issue, we talked to Carlo Giro from the International Road Transport Union (IRU), the world road transport organisation representing the entire industry — bus, coach, truck, and taxi — and operating across more than 70 countries worldwide.

"Driver shortage is a topic we have been following for many years, and we carry out a yearly survey to find out the changes and developments in driver shortages," reported Giro.

Around 3 million professional drivers are employed in road transport and logistics in Europe today. However, in 2022, according to IRU research, there were 425,000 unfilled truck driver jobs across Europe. Last year alone, there was a 44% increase in demand for professional drivers, underpinned by the sector's lack of appeal to younger potential recruits and women.

This will have a devastating impact on global freight. Trucks transport 77% of Europe's total freight volume (Eurostat 2022) and by 2030, road freight volume is forecasted to increase by 11% in Europe.

The IRU's study — which provides an overview of countries across Europe — showed that truck, bus, and coach driver shortages in Europe are, in the IRU's words, "spiralling out of control", fuelled by increased transport demand and an ageing driver population. It reveals that less than 3% of truck drivers are women, and drivers under 25 years old remain a small minority (6-7%).

High costs of licenses remain a critical barrier to entry into the sector — particularly for young people. In France, a truck licence costs EUR 5,300 — more than three times the average minimum monthly salary, while in Germany, a bus and coach licence costs EUR 9,000 on average — over four times the minimum monthly wage.



< 3% WOMEN DRIVERS



< 7% <25-YEAR-OLD DRIVERS



HIGH COSTS OF LICENCES IN EUROPE



As such, the IRU has recently adopted a new position which proposes a series of revisions to the EU Driving Licence Directive.

"We expect that by 2026, if the situation does not change, over 1 million positions will be left unfilled," said Giro. Gender balance, recruitment and retention of women were identified as key element which needs to be addressed over the coming years.

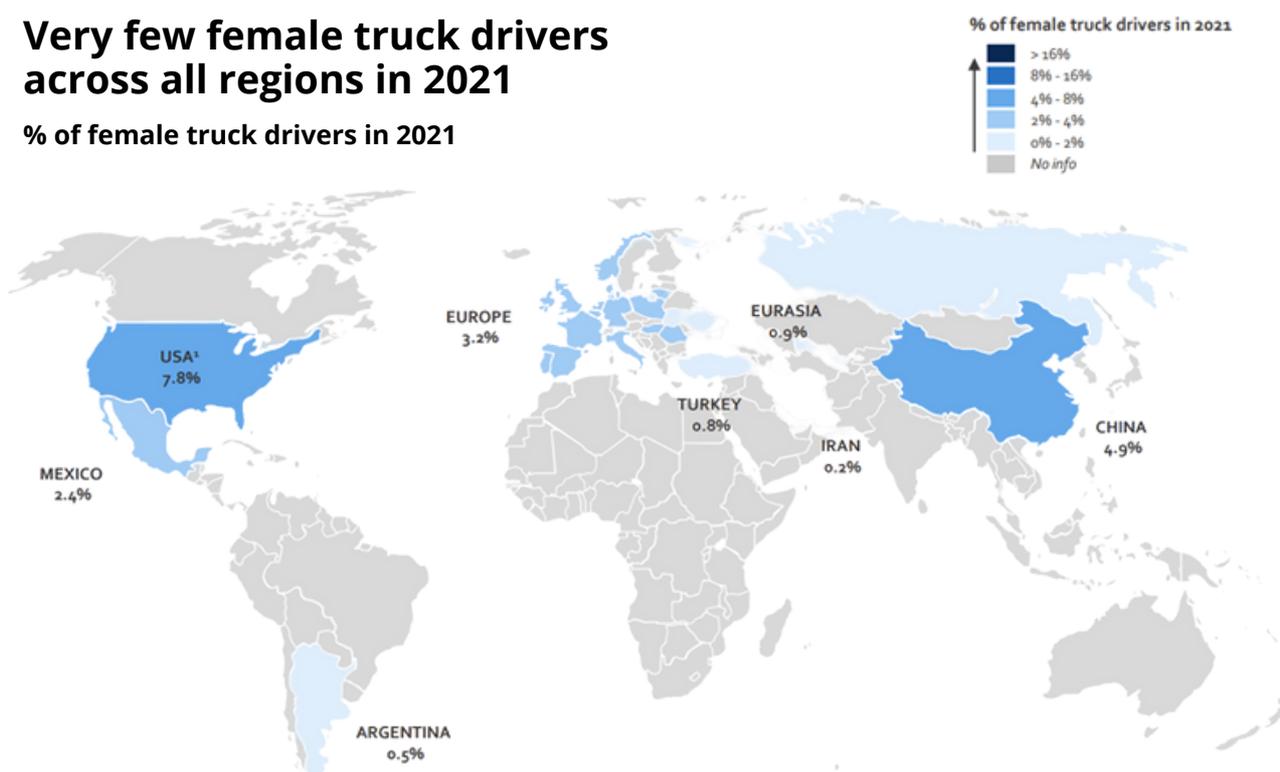
"The share of female truck drivers in Europe is very low (3%) and has not improved over the last 3 years," continued Giro, "We need sufficient safe and secure facilities to attract more women to the sector."

The European Truck Parking Award, first launched in 2022 and of which IRU is a jury member, includes minimum criteria for the inclusion of facilities such as bathrooms and showers for female drivers.

Further research is needed at the local level, to understand the social, political, and economic specificities behind driver shortage. As such, this demands cooperation between associations such as POLIS and IRU, which can work together with operators and local authorities to understand the challenges facing decision-makers and practitioners and support in preparing effective and action-oriented governance and legal responses.

Very few female truck drivers across all regions in 2021

% of female truck drivers in 2021



Source: IRU survey 2021; 1. American Trucking Association - Bureau of labor statistics, US department of Labor 2020

LEADING BY EXAMPLE

1

Focus on Log!Ville's innovation cluster

Log!Ville is an innovation centre for the logistics ecosystem. It was established in 2021 by the non-profit organisation VIL, the Flanders Institute for Logistics, with support from the European Regional Development Fund (ERDF) and the Antwerp Provincial Development Agency.

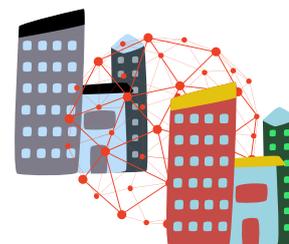
As automation and robotics continue to transform logistics, the organisation has taken a lead role in bringing together partners from across the sector to collaborate on innovative solutions, such as urban logistics. Innovation, new technologies and forms of governance will be essential to face some of the challenges the logistics labour sector experience — particularly around labour: organisations like Log!Ville encourage the uptake of such solutions while helping organisations to build their implementation and operation capacities.

"We can showcase key innovation, focusing on small and medium enterprises, to make Flanders a European powerhouse," said Dirk Jocquet, Manager of Log!Ville.

The organisation invites companies to experience future technologies which are already commercially available, but not yet mainstream, and analyses how these can be implemented — as in, what are the processes needed, as well as the returns and challenges.

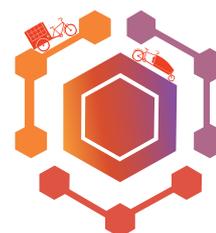
"We seek to do this without a commercial pitch but really walk stakeholders through what is available, with clear conversations, guided by Innovation Ambassadors," asserted Jocquet.

Last-mile solutions are a major topic for Log!Ville — indeed, the company explores several options for reducing the presence of large vehicles in urban centres using smart logistics frameworks, like:



DIGITAL TWINS FOR FREIGHT

Virtual copy of the city augmented with real-time data, which uses AI to calculate ideal transport combinations



CONSOLIDATION HUBS

Delivery and storage takes place outside the city and drivers enter and exit on-demand with climate-neutral transport

Log!Ville also examines routes for reducing wastage, thus exploring the potential of local printing hubs, which assemble raw materials in local contexts, tailoring them to customers' requirements.



Smart City Logistics



Digital Product Passport



Autonomous Vehicles



Tube Logistics



Fuels and transmissions



Product as a service



Autonomous Warehouse



Predictive Analytics



Additive Manufacturing



AI in Sychromodality



Alongside, autonomous vehicles and their potential for implementation in the future logistics sector are being experimented with.

"However, managing data here is key — it is not just about getting the vehicles on the road, there is a large amount of data which needs to be handled," warned Jocquet.

These solutions will undoubtedly have an impact on the urban logistics workforce, leading to possible concerns around re-skilling, redundancy, and job loss.

However, such technologies also offer solutions for improving working conditions and potential for new employment opportunities. Nevertheless, there is still a long way to go for these technologies to be mainstreamed and efficiently integrated into our systems, and increasing the capacities of private sector stakeholders and public authorities will become an ever more pressing issue as technology is further developed and integrated into services.

In the meantime, organisations such as Log!Ville will become key to seamlessly driving us through the transition.

Different Log!Ville workstreams

Source: *Dirk Jocquet*

LEADING BY EXAMPLE

2

Urbike: an accelerator of change in urban logistics that puts workers at its core

Last-mile delivery workers often face problematic working conditions. Indeed, the last several years have seen these propelled to the fore of political debate around transport labour worldwide, as working conditions, labour rights and benefits have vigorously contended between operators, local authorities, unions, and the workers themselves.

In Brussels, an innovative approach is putting workers at the forefront while keeping a long-term sustainability mindset — Urbike is a 5-year-old cargo bike cooperative with 40 employees — including over 30 couriers.

"As you all know, the context of the EU Green Deal has set ambitious carbon reduction goals, meaning last-mile logistics decarbonisation has become a key challenge," said Renaud Sarrazin, co-founder of Urbike.

"We are seeing some innovative approaches to traffic circulation, which are laying the groundwork for new approaches to sustainable logistics."

The study carried out within the Cyclelogistics Ahead project showed that in major European cities, 1 out of 3 deliveries could be made by bike. Yet, at present, this is nearer to 1 in 1000.

"We are a cycle logistics cooperative company, looking for common standards which could help shape how cargo bikes can be used in the future of freight," said Sarrazin.

Indeed, the company has been developing common standards and innovative logistics models for cargo bikes and trailers which can be used across different companies, enabling greater interoperability between operators and modules.

As they can share the same standards as the main logistics operators, they can link incredibly effectively with larger trucks at loading stations outside of the city, before using bikes to distribute within the city. "We are trying to rethink how space is used, and optimise this usage," continued Sarrazin.

The Urbike Team in 2022
Source: Urbike



Urbike in Brussels
Source: Urbike



The company's actions include:



DELIVERY

Partnering with many companies to create diverse delivery options



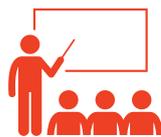
SHOPPING

Selling and offering maintenance of all its last-mile equipment



CONSULTING

Supporting organisations in their transition to sustainable logistics



TRAINING

Providing organisations with new tools and knowledge

What sets Urbike apart is its cooperative model.

"There are too many precarious jobs where profitability is based on the last-mile drivers. We wish to shift this, and we have designed a company where the workers are shareholders, where our purpose is supported by workers and citizens," said Sarrazin.

Indeed, the organisation has been awarded the Financité & FairFin label, which certifies that the capital invested in Urbike finances activities that generate social and/or environmental benefits based on societal criteria. In 2020, Urbike won the Social Economy Award for the most inspiring company in Brussels in terms of social impact.

"At the end of the day, this is also a competitive advantage — customers value ethical employment standards," said Sarrazin.

LEADING BY EXAMPLE

CITYlogin, an ecofriendly micrologistics option

3

CITYlogin is a logistic and last-mile distribution company which offers Business-to-Business (B2B) and Business-to-Consumer (B2C) micro-logistic services and adopts eco-friendly solutions for urban distribution, by using a customised fleet that adapts itself to the different mobility and pollution restrictions of urban centres.

"Our model is to create local hubs, with an environmental impact that is as low as possible," said Alfonso Molina.

CITYlogin has a network of proximity hubs in several cities in France, Italy, Poland, Russia, and Spain, where micro-logistics services and their subsequent urban distribution are managed. To support this zero-emissions vision, CITYLogin has a fleet of heavy-duty, light-duty, and last-mile electric vehicles.

The company is active in several EU-funded projects, such as LEAD — a project focused on Digital Twin modelisation supported by living lab pilots, one of them (Plaza Mayor) using a subterranean public parking facility as a centre for freight distribution with light electric three wheels vehicles within the Low-Emission Zone (LEZ) in central Madrid.

For the record, Madrid has implemented several micro-hubs in the Plaza Mayor, prompting a 33% reduction in the number of kilometres travelled by couriers; its LEAD pilot also contributed to creating 7 full-time jobs from the beginning of the activities.

A similar scheme is active in Lyon, too.



NETWORK OF PROXIMITY HUBS

Situated in France, Italy, Poland, Russia, and Spain, these hubs are where micrologistics and urban distribution are managed



CLIMATE-NEUTRAL FLEET

To support its zero-emissions vision, CITYLogin has a fleet of heavy-duty, light duty and last mile electric vehicles



RICH EU-PROJECT PORTFOLIO

The company is active in several EU-funded projects, such as LEAD, which focuses on Digital Twin modelisation for freight

KEY TAKEAWAYS

- 1 Make logistics more attractive and inclusive** to young people and women and take into account current societal challenges.
- 2 Value worker rights** and elevate worker voices in decision-making.
- 3 Hold clear conversations** about how technologies and digitalisation are changing jobs and the way we work and provide new opportunities for adaptation.
- 4 Invest in innovation, digitalisation, and continuous life-long learning** to make sure that the necessary skills are transferred to new generations to prepare them for the jobs of the future.
- 5 Foster cross-sector collaboration** between business sector, freight forwarders, retailers, and local authorities to establish long-lasting, fair, and sustainable jobs.



FIND OUT MORE

- REshaping Supply CHAins for Positive social impact - <https://cordis.europa.eu/project/id/101061729>
- IRU Global driver shortage review- [Global driver shortages: 2022 year in review | IRU | World Road Transport Organisation](#)
- SURF project final report- <https://www.polisnetwork.eu/news/surf-final-report-is-now-available-to-give-insights-on-sustainable-urban-freight/>
- Flexcurb project- [FlexCurb - POLIS Network](#)
- LEAD EU-funded project - <https://www.polisnetwork.eu/project/lead/>
- City Changer Cargo Bike project) - <http://cyclelogistics.eu/>
- GREEN-LOG EU-funded project - <https://www.polisnetwork.eu/project/green-log/>
- Hyperloop Development Program publishes new vision paper- [Hyperloop Development Program publishes new vision paper \(polisnetwork.eu\)](#)
- THE SMARTER WAY: Urban logistics and construction hubs- [EINDHOVEN - Governance & Integration - Magazine June 2021 \(thinkingcities.com\)](#)
- Delivering the future- [LOGISTICS - Governance & Integration - Magazine December 2021 \(thinkingcities.com\)](#)
- Study "Potential to shift goods transport from cars to bicycles in European cities" https://www.logisticsinwallonia.be/sites/default/files/media/documents/2020-11/CycleLogistics_Baseline_Study_external_0.pdf

Action from POLIS members

Faced with new challenges in freight, POLIS members and associate members have been placing a growing focus on addressing them. **Gustav Eiffel University's Logistics City Chair** is dedicated to research on urban logistics focusing on urban and peri-urban logistics trends and new consumer practices and their impact on urban logistics.



ABOUT THE JUST TRANSITION WEBINAR SERIES

At the 2021 Annual POLIS Conference in Gothenburg, we launched the [Just Transition Agenda](#).

This webinar series traverses the multifaceted ways affordability, gender-related mobility patterns, age, cognitive capacities (and more), can guide the future of our cities and regions.

From freight to parking, traffic efficiency to active travel, electromobility to safety- and everything in between- we begin to discuss how each sector has its part to play, the challenges ahead, and how cities and regions are treading new ground.