

Financial institutions
Energy
Infrastructure, mining and commodities
Transport
Technology and innovation
Life sciences and healthcare

 NORTON ROSE FULBRIGHT

Executive summary

Welcome to the 2016 edition of *The way ahead* Norton Rose Fulbright's survey of the transport sector

According to our respondents, the transport sector remains divided on sentiment. The aviation and rail industries report high levels of optimism, assisted by lower oil prices, the availability of funding and the impact of infrastructure improvements. At the other end of the spectrum the shipping industry is struggling in a market where supply continues to outstrip demand.

Despite this, most respondents from the aviation, rail, road and shipping industries agree that the transport sector can expect to enjoy further growth over the next five years. Rising passenger numbers and freight volumes are anticipated by 58 percent and an increase in the number of routes and services is expected by 52 percent.

The adoption of new technology is set to transform transport, and will help to address a number of issues the sector has been grappling with in recent years. Low carbon and fuel-efficient technology is expected to be the biggest catalyst for change in the medium term, given the impact of recent environmental regulation on the transport sector and the expectation that fuel costs will rise. Predictive analytics - enabling operators to anticipate repairs and maintenance and better understand and forecast consumer behaviour - is also highlighted. Autonomous technology finds enthusiastic supporters across the rail and road industries, but rather more sceptics in aviation and shipping: most respondents from these industries are yet to be convinced that pilotless aircraft and crewless ships will reshape their businesses in the next five years.

The transport sector appears ripe for consolidation. Mergers and acquisitions are seen as the optimal investment opportunity by 25 percent of respondents, while 10 percent are looking to joint ventures, alliances and pools. To emphasize this, 20 percent consider that a merger or acquisition, or a less formal tie-up, will form the most important part of a transport business' strategy over the next 12 months, with aviation and shipping favouring M&A, and rail and road looking to form joint ventures, alliances and pools.

Unsurprisingly, infrastructure remains a priority. After M&A, infrastructure improvements are reported to offer the best investment opportunity for the sector today. For the aviation, rail and road industries, inadequate infrastructure is seen as the greatest challenge to the operational efficiency of their industries. Overall, investment in infrastructure is seen as the most helpful form of government support for the transport sector.

Many thanks to those who took the time to participate in our survey. I hope that you will find a great deal of useful insight in this report.

Harry Theochari

Global head of transport
Norton Rose Fulbright

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. References to 'Norton Rose Fulbright', 'the law firm', and 'legal practice' are to one or more of the Norton Rose Fulbright members or to one of their respective affiliates (together 'Norton Rose Fulbright entity/entities'). No individual who is a member, partner, shareholder, director, employee or consultant of, in or to any Norton Rose Fulbright entity (whether or not such individual is described as a 'partner') accepts or assumes responsibility, or has any liability, to any person in respect of this communication. Any reference to a partner or director is to a member, employee or consultant with equivalent standing and qualifications of the relevant Norton Rose Fulbright entity. The purpose of this communication is to provide information

as to developments in the law . It does not contain a full analysis of the law nor does it constitute an opinion of any Norton Rose Fulbright entity on the points of law discussed. You must take specific legal advice on any particular matter.

Law around the world - [nortonrosefulbright.com](https://www.nortonrosefulbright.com)