



Jack Oortwijn

Editor in Chief Bike Europe

(Trade Journal for the European Bicycle and Scooter Market)

www.bike-eu.com

Goodmorning Ladies & Gentlemen,

Let me start by thanking Tony Lo for the invitation to address this important Forum. I am honored by this invitation. He asked me to explain you more on the most important bike trend that occurred last year in Europe and that will in - full force - continue in the years to come.

I my opinion this trend will have a huge impact on the worldwide bike industry. That new trend is: City Rental Bikes.

City Rental Bikes

The Success of the Vélib Bike System in Paris

- **20,600 bikes available**
- **Network of 1,451 rental stations throughout the city.**
- **Every Bike on average rented 10 times a day.**
- **100,000 people, mainly Parisians, now have annual subscriptions.**



City Rental Bikes

The bike industry has gained a rapidly growing market for its products. It is with government-financed rental bikes. After a slow start this new category really took off with the introduction of the Vélib rental bike in Paris last July 2007. Other cities will follow soon. The number of bikes per project is huge: Paris 20,000, Rome 20,000 and London announced its start last month with 6,000. But just as a start. The UK Capital is taking cycling very, very seriously and is allocating very serious money for its bike scheme. I will explain more on the London bike plans. Let's first have a detailed look at what started the new City Rental Bikes trend.

The Vélib bike scheme in Paris was responsible for that start. Its launch last July got global media coverage. All of a sudden Paris was the world capital of rental bikes. Once again the bicycle was in the spotlight as the healthy, zero-emission alternative for the traffic congestion most big cities are struggling with.

The first statistics show the success of the Vélib in Paris: every bike is being rented on average ten times a day and around 100,000 people, mainly Parisians, have already taken annual subscriptions.

London Mayor Ken Livingstone: 'Switch from private car use to public transport, cycling and walking'

- **Paris success gets followers.**
- **London: 975 million dollar for cycling!**



London Mayor Ken Livingstone: ‘Switch from private car use to public transport, cycling and walking.’

London Mayor Ken Livingstone who is pictured here came to Paris to see the Vélib. And the City Council of the UK Capital last month revealed an ambitious scheme to stimulate bike use.

Mayor Livingstone announced that London will spend well over 975 million dollars over the next decade on cycling! In case you haven't heard it correctly: it is 975 million US dollar spend on cycling!

The London Mayor spends that money on the most ambitious programme to transform walking and cycling in London. Livingstone said at the presentation of his plans: “We will build upon London’s leading position as the only major world city which will achieve a switch from private car use to public transport, cycling and walking”.

Mind you what he is saying here: a switch from car use to public transport, cycling and walking. This is a kind of revolution!

The London measures must create a new network of quick, simple, and safe routes for cyclists and pedestrians. With the introduction of a central London bike hire scheme with 6,000 bikes available every 300 metres, cycling will be accessible to many more Londoners and will become a fully-funded part of the public transport network for the first time. There will also be new commuter cycle routes from inner and outer London and cycle zones around urban town centres.

These radical measures are given a high priority on the UK Capital's streets. It will make a significant contribution to tackling climate change. It must bring about that one in ten trips in London each day is made by bike. With that London will be saving some 1.6 million tonnes of CO2 emission per year. That is equivalent to driving round the M25 London ring highway 55 million times.

Ken Livingstone also said: "The aim of this programme is nothing short of a cycling and walking transformation in London. We will spend something like 500 million Pounds Sterling which is 975 million US dollar, over the next decade on cycling. This is the biggest investment in cycling in London's history,

which will mean that thousands more Londoners can cycle in confidence, on routes that take them quickly and safely to where they want to go.”

Livingstone continued: "The cycle hire scheme in Paris has proved to be a huge success, and I have now instructed Transport for London to work with the London boroughs and interested parties to develop and implement a bike hire scheme in central London, accessible to all Londoners. By ensuring that Londoners have easy access to bikes in the centre of the capital, as well as making our city a safer and more enjoyable place to cycle, we will build upon London's leading position as the only major world city to have achieved a switch from private car use to public transport, cycling and walking.” As I said before; this is a revolution: bikes instead of cars!

WorldWide Revolution for Bikes?

- **Growing number of cities are planning bike rental systems.**
- **Investments of hundreds of million of US Dollars in bicycles and related infrastructure.**
- **Even US cities interested.**



WorldWide Revolution for Bikes?

More successors to the Paris rental system are on the way. Pictured here is the Barcelona Bicing System which is already partly in operation. By summer this year 6,000 bikes are planned to be made available.

And there's more to come as a growing number of cities are setting up self-service rental bike schemes. Chicago is interested, as well as Moscow, Washington, Geneva, Roma, Beijing and Sydney. San Francisco has entered into a 300 million Dollar contract with Clear Channel Outdoor Inc. for a bike rental system in the city.

These types of projects nearly always come together with investments in infrastructure to make cycling more safely. A negative side effect is the temporarily decline in sales for the bike shops in the cities. Apart from that, these government-funded projects are a boon to the bicycle industry. All of these bikes have to be durable and often come together with high tech systems for security and payments. The Paris Velib bikes, built by the Accell Group, cost approximately 3,000 Dollar each, nearly ten times the average bicycle retail price in France.

The idea of public bike systems is not new, but with current concern about carbon emissions, this concept will have enormous growth potential for the bicycle industry.

What about the money?

- Where is the money coming from?
- JCDecaux's, Clear Channel Outdoor Inc. and CBS role in bike schemes.
- CO2 emission rights: serious money involved!



What about the money?

The picture you see here is a bike-servicing boat that chugs up and down the River Seine and that is collecting Velib bicycles in need of maintenance. I show this picture here to give an impression on the money involved in the Velib bike scheme. In particular because the big question with regard to the bike rental systems is, where the money comes from?

Is the Paris City Council paying for the 20,000 bikes, the about one-and-a-half-thousand rental stations and the payment system that goes with it. Is Paris paying for the 450 million dollar that Velib costs? No, it is not. JCDecaux, the world's second biggest outdoor advertising company is paying for the high tech bicycle rental network throughout the city including its bike-servicing boat. JCDecaux designed the rock-solid Velib bicycles and had them built by the Accell Group in Hungary. JCDecaux operates the entire network at its own expense.

In return JCDecaux got the exclusive rights from the Paris city council to sell advertising on the city's 1,628 urban billboards for the next 10 years. The company expects that to raise a turnover of about 880 million dollars.

With such amounts public bike systems are turning into big business and with that attracting attention of the other two big outdoor advertising companies in the world which are Clear Channel Outdoor and CBS in the United States. Next to them banks and other financial institutions are eyeing the growth market for the bike industry as the money involved in such systems is huge.

But there's more to tell about where the money comes from for such bike rental systems. Vélib bikes help to relieve traffic congestion; helps to reduce air pollution; plays an important role in giving Paris an environmental friendly image and it is a big tourist attraction. But most of all: it brings down CO2 emissions.

Mayor Ken Livingstone already mentioned that the London cycling scheme is saving some 1.6 million tonnes of CO2. There's money involved with that. Big government money as governments in Kyoto protocols have to commit on bringing down CO2 emission in the fight against climate change. With that there's a trade developing in CO2 emission rights. Governments are buying and selling such rights and do that for very, very serious money. Unfortunately I can not specify amounts here, but I can guarantee you that with banks becoming interested, it is very serious money.

Population of the biggest cities in the world will discover bikes.

- Huge effect on the sales for City, Trekking and Folding Bikes.
- Global Alliance for EcoMobility.



Population of the biggest cities in the world will discover bikes.

What you see on this picture is a common sight in my country, Holland: train stations that are packed with bikes. With the fight against climate change to continue, and even to be accelerated in the near future, the biggest cities in the world will discover bicycles. As said in this presentation, I am convinced that the huge interest for the Vélib rental bikes in Paris will lead to many other cities implementing such schemes. I am also convinced that this will have a huge effect on the sales for bicycles around the world.

As a matter of fact I strongly believe that it will turn the bike business around. With that I mean that the offering in bikes will change drastically. That offering is now dominated by sports orientated bikes like Mountainbikes and road racers. I am convinced that with the biggest cities in the world implementing rental bike schemes; the demand for City, Trekking and folding bikes will explode.

To end this presentation I would like to propose a question to this A-Team Forum. This question is related to the speech John Burke presented here about one year ago. John called for more lobbying for bikes. His speech prompted the founding of a vital lobby platform for the Bike Industry that is called the Global Alliance for EcoMobility. Last December in Indonesia at the Bali COP Conference, the Global Alliance for EcoMobility was there. It was there to raise political awareness of the mobility capabilities of bikes. To keep on doing that and to keep on pointing out what bikes can do for cities, the Global Alliance for EcoMobility needs members. My question is: would the A-Team consider to become a member of this Alliance?

I thank you for your attention.

Jack Oortwijn,

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Thank you for your attention!