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RESPONSE TO WHITE PAPER ON TRANSPORT

Executive Summary

In this paper BUSINESSEUROPE sets out its views in response to the Commission's White Paper on Transport.

The White Paper is a roadmap to a Single European Transport Area and will be followed by legislative proposals in the next decade with key initiatives to be put forward during the current Commission mandate.

BUSINESSEUROPE would like to highlight some issues for the Commission's consideration, in particular:

- BUSINESSEUROPE supports the overall objective of the White Paper to achieve sustainable transport and welcomes the Commission's stance that 'curbing mobility is not an option'. However, the lack of cost-benefit analysis with regard to the various targets/benchmarks that have been set out to achieve transport emissions reductions is of concern.
- The further development of sustainable transport requires a blend of initiatives to work in combination with each other (e.g. relating to infrastructure, transport vehicles and equipment, ICT solutions, administrative procedures..).
- The development and investment in new technologies is crucial and policy instruments must be defined in a technology- and fuel-neutral way.
- BUSINESSEUROPE strongly supports the Commission's objective for the next decade to create a genuine Single European Transport area by eliminating all residual barriers between modes and national systems. This should be an absolute priority and will help achieve a more sustainable transport system.
- Co-modality is the right way forward and should be more strongly promoted.
- Investment in infrastructure should be increased and be more prominent in policy-making
- BUSINESSEUROPE welcomes the Commission's emphasis on the external dimension of transport and believes that an international level playing field is essential to secure the global competitiveness of each transport segment.

A Vision for a Competitive and Sustainable Transport System

Transport is fundamental to our economy and society and is a key pillar of Europe's internal market. It is also a sector where Europe is a world leader, in both manufacturing and transport operations. Not only does the sector directly employ around 10 million people and account for about 5% of GDP, it is also an indispensable pillar of the economy as a whole, especially the 30% of EU GDP represented by industry and agriculture.

The White Paper on the future of transport defines the overall framework for actions in the next ten years in transport and is also part of a wider vision on how to reduce emissions to the 2050 horizon. In this context, the White Paper proposes that by 2050 the transport sector reduce its green house gas emissions by 60% with respect to 1990.

BUSINESSEUROPE supports the overall objective of the White Paper to achieve sustainable transport and welcomes the Commission's stance that 'curbing mobility is not an option'. However, care is needed in tackling the environmental challenges in the transport sector. In particular, the lack of cost-benefit analysis with regard to the various targets/benchmarks that have been set out to achieve transport emission reductions is of concern.

BUSINESSEUROPE believes that the further development of sustainable transport requires an integrated and balanced approach taking into account economic, environmental and social aspects. In addition, a blend of initiatives to work in combination with each other is needed. These include:

- Improving the energy efficiency performance of all means of transport across all modes, facilitating the penetration of more energy-efficient vehicles and of alternative fuels as well as having an adequate funding framework for infrastructure taking into account the views of stakeholders.
- Using transport and infrastructure more efficiently (e.g. use of improved traffic management and information systems, advanced logistic and market measures such as full development of an integrated European railway market, removal of restrictions on cabotage, abolition of barriers to short-sea shipping etc).
- Optimising the performance of multimodal logistic chains, including by making greater use of the most efficient mode for each particular transport task.
- Creating the conditions for effective co-modality, ensuring that all modes are seen as complementary to each other.

A key aspect highlighted in the White Paper is the need to break the transport system's dependence on oil without sacrificing its efficiency and compromising mobility. BUSINESSEUROPE supports the development of cleaner alternatives and the European transport industry is developing and investing in new technologies. In fact technological advancement has contributed significantly to reductions in CO₂ and air quality emissions.



The scale of the energy challenges that the EU must meet is such that it is crucial to deploy actively all the solutions offered by a wide range of technologies. It is also imperative that policy instruments are defined in a technology- and fuel-neutral way. Funding to bring low-carbon technologies forward is crucial, but care must be taken not to direct resources into specific technologies too early, i.e. to try to pick a winner at an early stage. The EU Strategic Energy Technology (SET) Plans sets the right direction for a low-carbon and secure energy future but lacks financing. Ways to fund low-carbon energy research, development and deployment include refocusing the EU budget on innovation, with a special priority on climate and energy technologies and financing means for low-carbon technology projects, especially energy efficiency must be expanded in institutions like the EIB or the EBRD.

Although BUSINESSEUROPE strongly supports the development and investment in new technologies, oil will continue to play a key role in transport fuels. According to the International Energy Agency (IEA) oil will continue to provide 30% of EU primary energy in 2030 and in particular 80% of transport fuels, even in their low-carbon scenario.

Finally it is crucial that a European transport strategy incentivises (not penalises) industry to take the right steps towards the development of a sustainable and competitive transport system.

Views on the proposed strategy

1) A Single European Transport Area

BUSINESSEUROPE strongly supports the Commission's objective for the next decade to create a genuine Single European Transport area by eliminating all residual barriers between modes and national systems, easing the process of integration and facilitating the emergence of multinational and multimodal operators. Transport services need to be of good quality, accessible and reliable. In addition, this Single European Transport area should take into consideration geographical differences amongst member states.

Market Opening

Market opening has generally led to more efficiency, improved mobility and lower costs. However further efforts are needed to complete the internal market for transport.

In the rail sector, the Internal Market is far from being completed. The Commission must continue to push member states to enforce EU railway laws but further efforts are needed to open up the rail transport market to competition, improve the interoperability and safety of national networks and develop rail transport infrastructure.

In the maritime sector BUSINESSEUROPE would like to see faster implementation of already agreed EU initiatives. Efforts to open port services to competition and apply competition rules to maritime transport must continue. In order to increase the transport of goods by sea, the role of harbours and the hinterland should be given high priority not least when new infrastructure is being built. It is also important to reduce administrative burdens in the maritime sector, for instance in relation to customs. In this context BUSINESSEUROPE supports the development of a 'Blue Belt' in the seas around Europe to simplify the formalities for ships travelling between EU ports.

European policy has profoundly transformed the air transport industry by creating the conditions for competitiveness and ensuring both quality of service and the highest level of safety. The ultimate goal is to promote worldwide freedom of air services and investment. Progress towards this objective can be achieved either through bilateral or multilateral negotiations, which favour market needs. It is imperative that the regulatory framework promotes and maintains fair competition between airlines of different countries. BUSINESSEUROPE urges swift implementation of the Single European Sky as it is essential to strengthen European co-ordination of airspace management in order to maximise the airspace available whilst optimising its use and safety.

The internal market for road is not yet fully complete, obstructing EU efficiency and environmental objectives. For instance weekend driving bans in some member states can hamper a well functioning internal market, leading to long traffic jams at borders. In addition, the removal of remaining restrictions on cabotage (allowing truck drivers established in one EU country to carry goods within another member state) could contribute to increasing efficiency and reducing the number of empty journeys.

Co-modality is the right way forward

BUSINESSEUROPE has consistently supported the principle of co-modality¹ and believes it is important to recognise that the various modes play different roles and should be seen as complementary to each other. Creating the conditions for effective co-modality will lead to safe, efficient, competitive and environmentally friendly transport. The outlined goal in the White Paper to shift 50% of road freight over 300km to other modes by 2050 contradicts the principle of a market- (demand-) oriented policy and is at odds with the idea of creating a true internal market for transport.

Furthermore, the above-mentioned target does not take into account the geographical area, the types of product to be transported or the transport solutions available. Companies choose their logistical arrangements based on a number of factors and should be guaranteed the freedom to choose their preferred mode of transport. It is important that modal shift is not forced against the free market because it may lead to significant losses in cost efficiency and put the competitiveness of European companies in danger. In this context, the Commission should refrain from regulating with concrete measures to promote a specific means of transport. Otherwise there is a high risk of bad planning in the long term without taking into account the circumstances of the reality.

The social dimension

BUSINESSEUROPE is concerned about the extent and nature of social provisions in the White Paper on Transport. While refraining from making concrete comments on sector-specific proposals, European companies stress that there are already more than 70 EU employment and social directives, which ensure a solid legal basis across sectors for example regarding working conditions, information and consultation of workers, and health and safety. Adding new obligations for example in terms of working conditions will not help to improve the position of the European transport sector vis-à-vis international competitors nor its ability to create jobs. If the Commission is serious about boosting growth and jobs, it should prioritise sector-specific policies that strengthen the competitiveness of the sector concerned and refrain from taking actions that would have the opposite effect.

2) Innovating for the future – technology and behaviour

BUSINESSEUROPE believes that the development of technological solutions and the application of Information and Communication Technologies, including Intelligent Transport Systems, to transport will be essential to tackle transport challenges for sustainable transport and promote growth.

Science and business have come a long way in finding solutions for transport safety, fuel dependency, vehicle emissions and network congestion. As the White Paper says transport research and innovation policy should support in a coherent way the

¹ The Commission's mid-term review of the European Commission's 2001 Transport White Paper states that co-modality, i.e. the efficient use of different modes on their own and in combination, will result in an optimal and sustainable utilisation of resources.



development and deployment of the key technologies needed to develop the EU transport system into a modern, efficient, sustainable and user-friendly system. Above all, policy-makers need to put in place clear framework conditions for introducing new technologies commercially on the market. This entails setting open standards, ensuring interoperability, defining a clear legal and regulatory framework, increasing R&D expenditures for technologies that are not yet mature for market application, and promoting best practice. BUSINESSEUROPE welcomes the Commission's plans to devise an innovation and deployment strategy for the transport sector, in close cooperation with the Strategic Energy Technology Plan (SET-plan), identifying appropriate governance and financing instruments, in order to ensure a rapid deployment of research results.

When it comes to behaviour, BUSINESSEUROPE supports the Commission's stance that whilst new mobility concepts cannot be imposed, better mobility planning should be more widely encouraged. In this context, BUSINESSEUROPE supports the Commission's goal to establish by 2020 a framework for a European multimodal transport information, management and payment system as this will improve the public's perception of public transport facilitating mobility.

3) Modern Infrastructure and Smart Funding

A good quality transport infrastructure that is equipped to meet demand for all modes and intermodal connections is an essential element of the EU's overall competitiveness and will have a key role in the achievement of the EU 2020 strategy.

With regard to the Trans-European Transport Network (TEN-T)² BUSINESSEUROPE supports the establishment of a core network that is made up of nodes and links of the highest strategic and economic importance throughout Europe, not only based on population density, but also including strategic freight intensive infrastructure. In particular, proper interconnections between the main European ports and airports to the other networks should be ensured. In this context, BUSINESSEUROPE believes that the Commission's goal to achieve better interconnections by 2050 should be brought forward as it is an absolute priority. BUSINESSEUROPE regrets that only 5 of the 30 priority projects have been completed by 2009 and believes that firm solutions to completion problems are needed.

A well-performing transport network requires substantial resources. The White Paper indicates that the completion of TEN-T requires about EUR 550 billion until 2020 out of which some EUR 215 billion can be referred to the removal of the main bottlenecks. Given the scale of the investment required, it is necessary to prioritise projects, in close collaboration with national governments, and to ensure effective European coordination.

The vast majority of the TEN-T is funded by national governments, and so a stronger commitment on their behalf is needed. The Commission is looking into how infrastructure could be increasingly self-financed and made more attractive to the private sector as a result of increasing budgetary constraints in the member states. In

² For further detail please refer to <http://www.business-europe.eu/content/default.asp?PageID=568&DocID=23511>



BUSINESSEUROPE's view private investment should complement public investment, not replace it. In this context, public-private partnerships (PPP) are one example of a financial solution that can help to mobilise more financial resources, introduce more efficiency and enable a faster and more flexible delivery of the implementation works. The lack of public commitment at both EU and national level is of key concern and we believe that the importance of infrastructure in European policy-making should be made more prominent.

When it comes to EU funding BUSINESSEUROPE strongly believes that this should focus on the cross-border sections. Fair, transparent and efficient criteria should be developed to identify the projects to be supported, depending on the European added value of the project. In addition, it is necessary to have an integrated European funding framework to coordinate available EU funding for transport. It is also important to more effectively pull together EU, national and private funding.

In the White Paper the Commission places high priority on transport pricing and the internalisation of external costs, in particular for road transport. Although BUSINESSEUROPE believes that under certain conditions there could be a case for charging it is essential that (1) transport is not overpriced, to the detriment of a competitive Europe; (2) it applies to all transport modes ensuring a level playing field; (3) double charging is avoided: taxes and charges already paid have to be taken into account; (4) the charging is part of the financing mechanism for infrastructure and of an integrated policy aimed at a competitive European economy.

In any case BUSINESSEUROPE does not believe that the internalisation of external costs generated by heavy good vehicles, which has been the main focus to date with the ongoing revision of the 'Eurovignette Directive', should be made mandatory.

4) The External Dimension

BUSINESSEUROPE welcomes the Commission's emphasis on the external dimension of transport.

It is very important to further pursue the opening up of transport markets to free and undistorted competition and environmentally sustainable solutions and to continue to aim at greater market access in transport in all relevant international negotiations. Equally, European safety, security, privacy and environmental standards should be promoted worldwide in so far as possible.

In the effort to cut transport CO₂ emissions Europe should aim for an international regulatory approach. In the automotive sector for instance standards, test methods and emission limits differ from market to market. In the US, Europe and Japan this has led to different technical solutions and consequently different certification tests resulting in extra costs. This means that it takes longer to bring the cleanest new vehicles to market. Considering today's general global support for CO₂ emission reductions, the EU should take the lead and drive a worldwide harmonisation process towards an integrated approach.

Concerning the need to reduce green house gas emissions from maritime transport, BUSINESSEUROPE urges a decision in IMO on a global instrument to be applied. Any

EU regional regulation would have negative consequences on the competitiveness of the Europe's shipping sector, increasing the transport costs of European imports and exports and consequently harming the competitiveness of European industry in general.

While many of the initiatives quoted in the White Paper relating to air transport are laudable there is a concern that the costs of implementing them (both in terms of finances and operational disruption) could be significant. It is critically important that prior to decisions being made to move to higher standards (e.g. in transport security), that a full economic cost analysis is undertaken to ensure that the level of investment under consideration is warranted in terms of the risk reduction that it will deliver. BUSINESSEUROPE nevertheless welcomes the commitment to encouraging other regions to adopt similar standards as the EU in this sector which is heavily exposed to international competition.

An international level playing field is essential to secure the global competitiveness of each transport segment and the implying risks of any unilateral approach of the EU must be carefully assessed. Lessons can be learned from the aviation sector where the EU's decision to include non-member states' airlines in the EU's Emissions Trading Scheme meets strong opposition from third states as i.e. China, Russia and the US. If the EU fails to take those states on board, European carriers will suffer a competitive disadvantages compared to their non-European competitors.

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