EUROPEAN
COMMISSION

Brussels, 7.11.2023
SWD(2023) 352 final

COMMISSION STAFF WORKING DOCUMENT

EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Council Directive 92/106/EEC as regards a support framework for intermodal transport of goods and Regulation (EU) 2020/1056 of the European Parliament and the Council as regards calculation of external costs savings and generation of aggregated data

{COM(2023) 702 final} - {SEC(2023) 373 final} - {SWD(2023) 351 final}

A. Need for action
What is the problem and why is it a problem at EU level?
Transport has significant external costs for society. The large majority of these external costs is caused by the road sector, which dominates the inland freight transport market. EU transport, energy, and environmental legislation has and will continue to target the negative externalities, with a focus on cutting greenhouse gas emissions by 55% (compared to 1990 levels) by 2030, as established in the European Climate Law. One of the measures in this regard, put forward in the Commission's 2020 Sustainable and Smart Mobility Strategy, is revamping the existing framework for intermodal transport, to achieve the greening of cargo operations in Europe. Intermodal transport means using less-polluting rail and waterborne transport for main stretch of the transport operation and road haulage to bring transported containers and other closed loading units to and from the transhipment terminal. Users – that is companies who need their goods transported – make their decisions in a highly competitive market. However, in the current market conditions, intermodal transport is often not cost-competitive with road-only transport, even if it combines the better environmental performance and energy efficiency of non-road transport with the accessibility and flexibility of road transport. This is partly because of performance gaps in the operation of non-road modes that need to be addressed by respective sectoral legislation and industry efforts. However, it is also because the external costs of road transport are not fully internalised, that is to say the negative impacts of road transport to society at large are not reflected in the price of road transport, and because intermodal transport involves additional costs and disadvantages (transhipment time and costs and fewer connection options with respect to both timing and destination). Therefore, in medium-long distances, where intermodal could be a viable alternative, road-only transport still dominates. In addition, some inefficiencies of intermodal transport, related to information exchange and transhipment terminals, hinder the smooth functioning of the whole intermodal transport chain. Thus, to accelerate and frontload the uptake of intermodal transport, intervention is needed to promote its use. The Combined Transport Directive (CTD) was adopted in 1975. It was last revised in 1992, to target increasing problems of road congestion, environmental concerns and road safety. It provides a beneficial regime for eligible intermodal operations called 'combined transport'. However, the existing Directive is not fully effective and some of its provisions are outdated. A revision is required to achieve the policy goal of reducing negative impacts through optimised use of different transport modes. Since two attempts to amend the CTD, in 1998 and 2017, were not successful, the approach in this proposal has been substantially reworked, in particular introducing a completely new approach to eligibility criteria. Its preparation has been coordinated with other initiatives relevant to intermodal transport, including the initiative to better manage international rail capacity, the amendment of the Weights and Dimensions Directive on road transport, the revision of the TEN-T Regulation, the new common EU framework for greenhouse gas emissions accounting in transport and logistics (CEEU) and the implementation of the Electronic Freight Transport Information Regulation (eFTI).
What should be achieved?
The objective of the initiative is to facilitate an increase in the share of rail, short sea shipping and inland waterways in total freight transport, in order to help reduce both the negative externalities and levels of energy consumption in transport. The revision aims to improve the existing support by extending it to a wider set of operations, by revising the eligibility conditions to link them better to the policy goals and by increasing the choice and level of support measures. This should incentivise transport organisers in the EU to increasingly use intermodal transport, promoting a more sustainable modal composition in the transport system and consequently helping reduce its negative impacts. It also aims to improve access to information about services and conditions offered by transhipment terminals.
What is the value added of action at the EU level (subsidiarity)?

The CTD promotes the uptake of intermodal transport across the EU through support measures based on common eligibility criteria. From the policy and the internal market perspective, these are needed to ensure that the benefits provided for in the CTD are applicable in a comparable way throughout the EU, since 81% of intermodal transport operations in the EU are cross-border operations.

While Member States are free to support intermodal operations directly under the State aid rules, those support measures may not be equally accessible to all operators, given the different eligibility criteria used. Therefore, some operators may gain a competitive advantage with impacts beyond their national border. Harmonised rules on eligibility and types of support, which are in line with State aid rules, will help create comparable treatment for operators across the EU and simplify administrative procedures for industry, the Member States and the Commission. This cannot be achieved with regulation at Member State level only.

B. Solutions

What are the various options to achieve objectives? Is there a preferred option or not? If not, why?

Three policy options have been assessed in the context of this impact assessment, with one off them having three sub-options. All options propose solutions to the identified problems but vary in terms of the extent of EU intervention.

- **Option A** establishes eligibility through ability to save at least 40% of a set of external costs (greenhouse gases, air pollution, noise, congestion and accidents) compared to road-only operations, and encourages Member States to have more economic support measures but does not introduce an obligation to that effect. It does not include any obligations on industry.
- **Option B** establishes an obligation on Member States to take support measures, while leaving the choice and design of such measures up to Member States. It also encourages Member States to provide start-up support and proposes a new regulatory measure – an exemption from the driving ban for heavy good vehicles performing the road legs of eligible operations.
- **Sub-option B1** proposes eligibility through greenhouse gas savings (25%)
- **Sub-options , while B2a and B2b** propose eligibility through saving 40% of a set of external costs.

  The only difference between B2a and B2b is that B2a (like also options A, B1 and C) covers all intermodal operations, while B2b includes only international intermodal operations.
- **Option C** envisages eligibility through saving the wider set of external costs (40%), mandatory harmonised operational support by Member States and the driving ban exemption. All options involve revising the data requirements for proof of eligibility and mandatory use of eFTI platforms for operators who choose to benefit from the support measures and transparency obligations on terminal operators.

  Option C also includes common dataset and data exchange protocols for intermodal operations.

All options envisage an increase in the uptake of intermodal transport relative to the baseline, though the increase for option A is minimal. The uptake, and resulting saving of external impacts is highest in the B sub-options, while the costs of support are highest in option C.

The preferred policy option identified is B2a.

What are different stakeholders' views? Who supports which option?

In the stakeholder consultation, stakeholders agreed in general with the relevance of the problems identified, as they agreed to a large extent with the objectives. They further provided useful input for determining policy measures and options.

Most stakeholders supported the change of scope to include domestic operations and it was pointed out that it is important to ensure that all modal combinations are treated equally. As regards eligibility, a large majority of the stakeholders agreed that more effective measures are needed, and they supported eligibility based on a wider set of externalities as opposed to greenhouse gas savings. For the amount to be saved, there was no consensus on the level, but the average proposed by stakeholders was around 33%.

Concerning economic support measures, stakeholders' positions diverged between fully harmonised, flexible or 'should depend on the measure', while the majority agreed that providing some support should be mandatory for Member States. As regards regulatory support, most stakeholders supported keeping current regulatory measures, in particular as regards the ban on quotas and the use of non-resident road hauliers for road legs in international operations, the same way as allowed for international road-only transport.

Finally, stakeholders thought that better interoperability between the modes and in transhipment terminals could improve the organisation of operations and there was strong support for better information availability on terminals.

C. Impacts of the preferred option

What are the benefits of the preferred option (if any, otherwise of main ones)?

Direct benefits, all expressed as present value over the period 2025-2050, relative to the baseline, include:

- a reduction in total external costs of EUR 15.3 billion, driven by higher use of more sustainable transport modes as part of intermodal transport;
- administrative cost savings for businesses of EUR 4.3 billion, driven by the revision of data requirements for proof of eligibility combined with mandatory use of eFTI platforms for enforcement purposes;
- a reduction in administrative costs of EUR 2.3 million for public authorities, also driven by the use of eFTI platforms.

The total benefits of the preferred policy option were estimated at EUR 19.6 billion.

What are the costs of the preferred option (if any, otherwise of main ones)?

The costs of the preferred policy option are estimated at EUR 7.5 billion in addition to the baseline, expressed as present value over the period 2025 to 2050.

The additional costs of the preferred policy option would fall on three groups:

- the vast majority of the costs would be on the **Member State governments** who choose to provide additional support to operations, estimated at EUR 7.5 billion.
- Some lower costs are also expected for **businesses** – on terminal operators for compliance with the transparency requirements, on eFTI platform providers for updating the platforms and on organisers of operations for using the eFTI platforms. These costs to are estimated to account for EUR 6.9 million.
- The **European Commission** will incur costs for an additional study to assess whether an establishment of a terminal categories' framework is needed and for regular studies (every 5 years) of the EU intermodal market, amounting to EUR 2 million over the period 2025 to 2050.

What are the impacts on SMEs and competitiveness?

The preferred policy option is expected to lower the barriers for small and medium-sized businesses to take up intermodal transport by making it more affordable as well as simplifying the proof of eligibility and improving available information on terminal choices. All operators engaged in intermodal transport as well as shippers of goods will benefit.

Thus, the initiative is expected to have a positive impact on SMEs.

Will there be significant impacts on national budgets and administrations?

The preferred option can involve significant impacts on national budgets depending on the support measures chosen by Member States. The budgetary impact is in direct correlation with the volume of supported intermodal operations.

The impact on national budgets is estimated at EUR 7.5 billion relative to the baseline, expressed as present value over 2025-2050.

Will there be other significant impacts?
No
Proportionality
The preferred option includes obligation to Member States to ensure support, which can take the form of State aid in compliance with State aid rules, to certain types of transport operations. It is assessed that this does not go beyond what is necessary to achieve the objective. While the preferred option does not entirely eliminate the competitiveness gap between intermodal transport and road-only transport, as many operational issues derive from sectoral legislation and will be addressed by respective modal initiatives, this intervention is estimated to achieve a 5.3% increase in the uptake of intermodal transport compared to the baseline by 2030 and 6.6% by 2050. The resulting savings in external costs are EUR 15.3 billion relative to the baseline, expressed as present value over 2025-2050, which means that every 49 cents of support would generate EUR 1 worth of savings in external costs.
D. Follow up
When will the policy be reviewed?
The policy will be reviewed after 10 years, following the Directive's full application in national laws. This timeline is proposed to consider that the support measures will require time to take effect and generate impacts. An evaluation of the market developments is carried out every 5 years following the adoption of the proposal.