



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

08 September 2009

EC Consultation on a 'Sustainable Future for Transport'
European Commission
tren-future-of-transport@ec.europa.eu

Dear Madam/Sir

A Sustainable Future for Transport: Towards an integrated, technology led and user friendly system.

European Commission Consultation – HIE Response

Highlands and Islands Enterprise (HIE) is the Scottish Government's economic and community development agency for an area which covers more than half of Scotland. We work with high growth businesses and public and voluntary sector organisations to build sustainable economic growth across a diverse region which stretches from Shetland to Argyll and from the Outer Hebrides to Moray. We are committed to developing the Highlands and Islands as a competitive region which is home to strong communities, successful, high growth businesses and excellent quality of life.

HIE is pleased to respond to the European Commission's consultation regarding the Communication document COM (2009) 179/4, 'A Sustainable Future for Transport'. Overall, we support the broad objectives outlined in the Communication. However, we would like to see specific consideration given to the transport needs of peripheral areas of the European Union. The Communication notes that an increasing majority of Europe's population are living in urban areas, but neglects to take account of the importance economically and culturally of rural and peripheral areas, or to consider the implications of EU transport policy for such areas. In contrast, EU Regional Policy has explicitly recognised the importance of territorial cohesion principles to enable regions challenged by peripherality and sparsity of population to become more economically sustainable.

HIE believes that there are two issues in particular that should be considered:

1. Implications of EU policies for transport provision in peripheral areas.

Transport networks in the peripheral areas of the EU, including the Highlands and Islands of Scotland, tend to have three characteristics in common: i) large distances from major urban areas, ii) low population densities, and following these, iii) high cost per capita of providing transport services. Transport networks in these areas tend therefore to be highly dependent on public sector support, which must be provided in accordance with EU State Aids and competition law. For example, in the Highlands and Islands, air and ferry services to our island and remote mainland communities are supported by Public Service Obligations or Aid of a Social Character schemes, both of which are defined by EU legislation.

The European Commission should therefore consider how its policies can impact upon transport provision for peripheral areas, in particular supporting the continuation of transport services vital to social and economic sustainability.

2. Implications of new fuels and transport technology in peripheral areas.

Whilst developments of new low carbon fuels and transport technology are to be broadly welcomed, there may be difficulties in applying these in peripheral areas for the reasons outlined above. Low population densities and long distances from urban areas could make the provision of new fuel supply infrastructure or electric vehicle networks impractical or uneconomic. There is a current focus in EU policy to support the development of low carbon transportation for urban areas, and although HIE supports this focus, there is also a requirement to develop affordable low carbon transport for rural and peripheral areas.

Already, we anticipate in 2010 that the fuel industry will face significant challenges in the Highlands and Islands in introducing E5 bioethanol in order to meet European targets, and it is likely that this will require some form of government intervention to maintain fuel supply to many of our remoter communities. Further 'disruptive' changes in transport technology could pose more significant challenges as traditional fuel demand decreases and new infrastructure is required to support the new technologies. Without specific attention given to the transport needs of peripheral areas, there is a risk that they might be excluded from the benefits of new technologies, and face increasing transport costs relative to urban areas.

The European Commission should therefore a) promote research and development into low carbon transport technology for rural and peripheral areas, and b) seek to identify the means financially to support the introduction of new technologies into these areas.

Yours faithfully,

Sandy Brady

**SANDY BRADY
ACTING CHIEF EXECUTIVE**