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EUROPEAN COMMISSION COMMUNICATION ON A SUSTAINABLE FUTURE FOR TRANSPORT

- Public consultation -

UETR Position Paper

“A sustainable future for transport companies”

1. INTRODUCTION

This paper presents a number of comments on the Communication (2009) 279/4 of the European Commission towards the elaboration of the new EU White Paper on European Transport Policy of 2010.

UETR - *Union européenne des transporteurs routiers* represents and defends the interests of more than 185.000 freight transport companies in Europe, mostly Micro, Small and Medium Enterprises.

UETR supports European integration, fair competition and sustainable growth. However, companies' experience on the field and recent developments in the light of the current economic and financial crisis should be taken into account by the European Commission in setting out EU transport policy for the next decade. UETR intends to contribute its view in the process.

This document will focus on road haulage sector. Other aspects of transport sector with important consequences on road carriers will be tackled as well.



2. THE CONTEXT

The European Commission's Communication starts off with an evaluation of the EU sectoral policy over the past decade, highlighting a number of achievements.

UETR underlines the lack of success of two major goals pointed out in the 2001 White Paper:

1) For freight transport no decoupling has been achieved between economic growth and transport growth. UETR has always sustained that it would be impossible to achieve this goal. Economic growth remains a goal in itself anyway.

2) A modal shift from road to other transport modes was not really achieved either. Moreover, in some Members States the share of road transport even increased over the past decade. No significant change in that market share is to be expected in the next decade, according to a very large majority of studies.

3. POLICY OBJECTIVES FOR A NEW EU TRANSPORT POLICY. UETR CONSIDERATIONS

Urban environment

The Commission rightfully points out that urbanisation is an important trend in the EU. Transport policy should take more initiatives in the future to follow this evolution. Cities are important centres of public life and they generate large goods transport demand. Inter-Urban freight transport can have also an international dimension, in the case of cities located in border areas: decisions made by public authorities of a Member State can have important consequences on truck operators from another country (e.g. environmental zones in cities).

Hence the subsidiarity principle should be questioned on this matter.

Urban traffic congestion is one of the main challenges to transport companies. UETR wishes to point out that passenger cars and not trucks mainly cause urban congestion. Traffic jams cause not only huge delays, but also unnecessary increase in fuel consumption, and diminish the efficiency of goods transport in cities. The so-called "last mile problem" will become more and more important in the next decade. Road haulers wish to deliver goods during less congested hours, but are very often unable to do so because of regulations or problems with opening hours of (un) loading places. UETR urges the European Commission to present its Urban Freight Transport Action Plan as soon as possible.



Infrastructure

a) A well maintained and fully integrated network

It is clear that a big part of the success of EU economy after World War II is owed to an efficient road network. However in many Member States, especially those who joined the European Union in 2004 or later, road network has not been established yet. In EU-15 another problem is becoming more and more important: the current infrastructure is relatively old (often over 30 years), being designed and developed in the second half of the 20th century. In the 90s there was hardly any evolution in the road network of these countries, whereas economic growth has continued until 2008. The road capacity there is no longer sufficient and needs expanding in order to cope with the future economic and transport growth and tackle congestion.

UETR does not oppose to applications of ICT and intelligent logistic systems, but such measures will not be sufficient. In particular, as it is known that over 75 % of freight transport is being done over distances of under 150 kilometres, the role of ports and intermodal terminals, albeit important, has no vocation to take away from the roads a large percentage of the total amount of trucks, let alone the expect that in the future the absolute number of trucks on the roads will diminish.

b) Road safety and flexibility hand in hand

In the past decade a number of EU regulatory interventions strongly influenced the activity of road hauliers. Regulation 2006/561, the introduction of the digital tachograph and Directive 2002/15 certainly have many merits. Anyway, both companies and drivers esteem that the necessity for traffic safety improvement has lead to some strict and undesired consequences.

An open revision of some of the aspects of this legislation is necessary. For instance, it must be possible to completely solve the "minute problem" with the digital tachograph. Furthermore some of the sharpest edges of driving times regulation can be altered without jeopardising traffic safety and improving the situation for workers often faced today with incomprehensible situations (e. g. weekly rest at 25 driving minutes from home after unpredictable incident). UETR will present a number of proposals at European level, which it wishes will be examined and discussed by the Institutions.

c) Efficiency and traffic safety



Overall efficiency improvement is a goal that UETR fully supports. The improvement of road safety is a constant worry for transport companies. Statistics today point out that trucks are becoming safer: for every kilometre driven, trucks are involved in accidents only half the amount of times as passenger cars. In a number of Member States figures are even better and still improving. Because of the fact that accident involvement does not mean "cause" of that accident, UETR furthermore esteems that on-site research to determine causes of accidents should be promoted. The identification of the real causes is the key to acquire the necessary data and useful knowledge to determine new policy in order to further improve road safety. Most Member States alone cannot provide this kind of research.

Modification of Directive 96/53 should be considered to introduce possible measures for fuel savings. Making trucks more aerodynamic without losing loading space and without jeopardising traffic safety could be one of them. Furthermore the discussion on the application of European Modular System (EMS) should not be held with predetermined minds. The application of EMS, when possible- in the case of improvements of the overall environmental impact and when not challenging traffic safety or harming sustainability - needs serious consideration. Cross-border projects are not to be excluded a priori.

d) *Supply chain and security: the cost/benefit approach*

It is true that in many ways the world has changed since September 11th 2001. As a result a number of measures were introduced, especially in air transport (e.g. fluid limits in passenger aviation) and in relation to transport toward the U.S.A.

Although UETR supports the idea of enhancing supply chain security also for land transport, it esteems that the estimated costs outweigh by far the expected benefits. Building fences and organising strict check access to any location where goods are loaded or unloaded is not only extremely expensive, severely hitting all transport SMEs. It also does not guarantee that trucks will not be used by terrorists. Road side security is a far more important issue in that aspect.

It would be far more useful for EU policy to concentrate even more on the provision of sufficient, safe and well equipped space for truck drivers along roads. Theft of goods is becoming a big problem in the European Union, especially in public sites. Furthermore the amount of places where a truck driver can take a rest is by far insufficient and provisions do not meet with current hygiene and comfort standards. Even though the Commission has recently developed a number of initiatives on this subject, this is far from being enough to cover current needs.

The context of increased use of European roads makes of paramount importance that drivers using the Trans-European Road Network can rest on safe parking areas, both to



respect general public laws for road safety and enhance security of drivers and carried goods.

The European Road Network is vital for the movement of goods within the EU. As concerns about attacks on high value cargo and vehicles and the lack of adequate rest facilities for drivers are rising, the establishment of secured truck parking sites and associated information services is becoming increasingly important.

Moreover, new rest areas will facilitate the work of control officers responsible for the control of community law concerning international road transport.

Funding and pricing

a) Smart prices as traffic signals

UETR does not oppose the principle of internalisation of external costs as previously set out. However, the ongoing discussions between the European Parliament and Member States leave little hope as for its consequent and simultaneous application to goods and passenger transport, both by road and other modes. Even if the price of freight transport – merely by road- is considerably rising in the future, no significant modal shift is to be expected. Besides, the internalisation of an external cost implies that this cost is only bared for as long as this cost is caused. When a cleaner version of the truck is being used, the price of use should be reduced. All revenues from any kind of tolling system should be invested in the specific road infrastructure it has been paid for, or in transport sector (e. g. funding for cleaner vehicles). Once the external costs stops to exist, the price has logically to drop.

b) Stop disinvestment

Since the middle of 2008 a huge collapse in new materials has taken place. That is caused by the combination of the financial crisis, which has turned the access to credit extremely difficult for transport companies, with the collapse of the second hand market. Third-party road haulage sector has been since long known for replacing vehicle parks relatively quickly. That was possible only thanks to the fact that companies partially paid their investments in the greenest trucks available with revenues from vehicles' value on the second hand market. Nowadays, with the same ratio between proper value of the companies versus the external capital needed, financial institutions refuse loans and the need for loans is indeed even higher because a smaller percentage of the investment can be covered by the revenue of sales of older vehicles.

The consequence thereof is not only that the average age of trucks will be influenced for years to come. The wish to get vehicle parks greener and newer will not be met if no measures are taken.



Therefore, UETR urges for subsidies in order to enable more of those investments. In addition, EU *de minimis* aid should be extended and be used to buy road freight vehicles.

The end of the period 2000-2010 is clearly marked by a profound crisis severely hitting haulage companies in a more profound way than it does with general economy, so UETR cannot agree with the European Commission's view of transport sector increasingly relying on self-financing.

c) Fostering competition

International freight transport by road has been liberalised long ago inside the EU, and recently also the national markets have seen new regulation with the new cabotage rules. The Commission will have to closely follow up the situation on the field in the forthcoming years, to ensure *fair* competition.

The market of goods transport by road is a market in which predominantly small and medium sized enterprises are active. Their vulnerability as well as their capability (or the lack of it) to operate in other Member States will have to be evaluated.

Although it is strictly no transport policy, the Commission's decision on how to continue block exemption in the car manufacturing industry has many grave consequences for truck operators. As a matter of fact most trucking companies will have hardly any other important investments than trucks and other rolling material.

Free choice of spare parts and open competition has to be guaranteed also beyond 2010. If exemptions are granted for the spare parts market, this will undoubtedly lead to major cost increase for haulage companies.

Technology

In the third chapter the European Commission describes a number of trends and challenges. One of those is environment, according to which Green House Gasses emissions should drop by 20% with respect to reference year 1990 ¹.

¹ This target will be extremely difficult to tackle for Heavy Goods Vehicles: EU-legislation has been recently adopted to determine emission standards for the next generation of trucks, the so-called Euro 6 vehicles. EU choose to further diminish dramatically emissions of smallest particles (PM) and Nitrates (NoX), but such decision implies even a small increase in fuel consumption. New generation vehicles, which will gradually come into EU market from 2013, will have negative consequences on overall fuel consumption by trucks, and hence CO2 emissions well beyond 2020. Regarding the determination of Euro 6 emission standards, it is important to state that another technical possibility lied open that allowed an important fuel economy in combination with a more moderate decrease of PM and NoX. UETR is in favour of decreasing fossil fuel dependency and improving consumption per vehicle, but is convinced that these recent decisions will have negative impact on the potential. UETR refuses that EU-policy would afterward present the "CO2 emission- bill" to the road haulage industry.

UETR has a number of ideas in order to decrease fuel dependency and improve truck's emissions.

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UETR supports the principle of evolution towards zero-emission vehicles. LNG technology (Liquefied Natural Gas) for example is today market ready and should be further promoted by the European Commission for commercial vehicles ².

Anyway, there is no alternative technology making use of an energy resource that can fulfil the same need for energy as oil. So EU legislation should not imply a compulsory switch to zero-emission trucks until such challenge has been solved adequately. Otherwise, the target of sustainability could have dramatic economic consequences for both transport industry and society as a whole.

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UETR supports research on Logistics and highlights that the sustainable delivery of goods needs to be done at conditions that do not alter the free commercial determination of price. Small companies cannot afford to invest in prototype vehicles and represent just a small part of the urban supply chain.

UETR proposes to participate in a fundamental dialogue at EU level on urban distribution of goods.

The external dimension

A more coordinated action at EU level in the International Transport Forum (former European Conference of Ministers of Transport) is needed to ensure strong coherence to policy making and to help European transport companies working in Extra-EU countries to be more competitive. For instance, there is no harmonization of legislation and a number of different bilateral agreements are applied for each EU Member state.

The principles of free flow of merchandises need to be guaranteed. They also apply to the free traffic of trucks driving through EU-countries, and especially in the Alpine zones. Particular traffic bans or transit contingency measures are not in line with this principle.

² See last Joint Research Centre Reference Report entitled "Liquefied Natural Gas for Europe– Some Important Issues for Consideration" (2009): "Stable and well-defined fuel quality is a paramount condition for the proper running (i.e. with low fuel consumption and emissions) of modern internal combustion engines. Consequently, LNG might be a promising alternative fuel for transport. LNG offers another advantage over pipeline gas if used as an automotive fuel – LNG can be delivered by road trucks directly to a large network of refuelling stations".



Legislative framework

UETR backs the Proposal for a Directive of the European Parliament and the Council facilitating cross-border enforcement in the field of road safety (covering offences like speeding or driving under the influence of alcohol) and the extension of such legislation to serious infringements in road transport provisions.

UETR strongly supports the adoption of a Directive to harmonise rules for driving restrictions on heavy goods vehicles in international transport and also the establishment of a notification system of times and periods all year round.

UETR welcomes the Commission's action in view of the evaluation of the Regulation on driving time and rest periods.

The current EU directive on minimum levels of accise for diesel is to be reviewed. Member States need to have the liberty, also beyond 2012, to maintain a lower level of diesel accise for trucks than for passenger cars. Member States should indeed dispose of a bigger freedom in order to not impose "normal" accise levels to professional users. Reference is made to the situation of accise on diesel for agricultural purposes. Many Member States apply a (partial) exemption for these purposes. Hence a different level for passenger cars and professional trucks is not new nor impossible to apply.

The introduction of an effective professional diesel is necessary.

UETR proposes the adoption of a regulation on the access to market and profession of intermediaries in the transport sector, streamlining the highly fragmented business, which escapes today minimum regulatory requirements.

The regulation would not limit their economic activity but simply introduce rules governing access to the profession: an intermediary must fulfil qualitative criteria like road transport companies- for instance, it should be allowed to operate only if it have at its disposal vehicles, whether 60 % wholly owned or, for example, under a hire purchase, hire or leasing contract or under a purchase contract.

UETR is not contrary to liberalization and market opening but at the same time avoiding risks of social dumping in transport sector: the creation of a European observatory on transport costs to monitor developments and rates is much needed, as well as putting in place a mechanism allowing rates calculated on the basis of the actual cost of the service and against unfair conditions imposed to road haulers undermining road safety and competitiveness.

SMEs in the road transport sector should be better supported in getting their invoices paid, often by large companies who have strong commercial impact. Payment delays should further be shortened and new stronger EU legislation on the matter has to be introduced.



UETR underline the need of substantial changes to the late payment directive of 2000 and support the introduction of a compulsory and effective mechanism strictly fixing a period of payment of 30 days and an enforcement system at EU level in case of late payment in commercial transactions in transport sector (business to business and not only for public authorities).

In the field of the working time directive UETR wants to repeat its point of view in the light of recent discussions in EP on application for self-employed drivers. The issue of traffic safety for drivers is sufficiently covered by Regulation 2006/561 in exactly the same way for employed and self-employed drivers. All other aspects are either irrelevant or can't ever be controlled. Therefore the EU institutions need to agree on a workable disposition that does not discriminate self-employed drivers from any other kind of self-employed person in any other sector.

For a successful removal of administrative burdens some other EU social rules in road transport sector need to be revised (e. g. there are many problems and difficulties with current implementation of the form concerning social legislation relating to road transport activities).

UETR invites the European Commission to launch initiatives to promote a harmonized approach on controls by police officers (methodologies, training). The recent call for proposal (June 2009) is a very important first step, but more measures can be taken at EU level.

