

A Sustainable Future for Transport

Response to the European Commission Consultation

September 2009



About Transport & Environment

Transport & Environment's mission is to promote transport policy that is based on the principles of sustainable development. That means minimising the use of energy and land and reducing harmful impacts on the environment and health while maximising safety and guaranteeing sufficient access for all.

The work of our Brussels-based team is focused on the areas where European Union policy has the potential to achieve the greatest environmental benefits. Such policies include technical standards for vehicle fuel efficiency and pollutant emissions, environmental regulation of international transport including aviation and shipping, European rules on infrastructure pricing and environmental regulation of energy used in transport.

Naturally our members work on similar issues with a national and local focus. But their work also extends to public transport, cycling policy and other areas largely untouched by the EU. Transport & Environment's role in this context is to bring our members together, adding value through the sharing of knowledge and campaigning strategies.

Established in 1990, we represent around 50 organisations across Europe, mostly environmental groups and sustainable transport campaigners.

We are politically independent, science-based and strictly not-for-profit.

The challenges:

Climate, jobs and public budgets

The three most important challenges that will impact on transport policy over the next five to ten years are:

1. Greenhouse gas (GHG) emissions from transport. Emissions from the sector have increased by 36% since 1990, and despite the EU's newly agreed climate and energy package the end of emissions growth is not in sight. The reality is that, in order to keep global warming below 2 degrees, substantial cuts are needed by 2020 with almost total decarbonisation by 2050. For these reasons, President Barroso has proclaimed decarbonisation of transport as a major policy objective for his second tenure;
2. Public budget deficits. Governments across Europe will have to plug big gaps in public finances, expected to amount to 7% of GDP in 2010 on average. Infrastructure budgets will certainly be smaller than they were, and governments will increasingly be looking for areas where revenue can be raised;
3. Unemployment. Job losses, now at record levels, are high on the political agenda after a number of quiet years. In order to boost employment, governments will try to lower taxes on labour, or at least prevent their rise, which will in turn raise the pressure on public finances further.

The Commission's communication is much more vague on the fundamental strategic questions. Whilst ageing, migration, and other global trends might be important, they do not seem to offer much in terms of concrete actions for EU transport policy and they do not seem to be relevant to the medium-term consequences of the economic crisis Europe is trying to recover from.

In the next section, we will examine how the above challenges can be turned into opportunities for the development of sustainable transport policy in Europe.

Turning challenges into opportunities:

A ten point action plan

The triple challenges of climate, squeezes on public finances and the need to grow jobs will mean the EU and its member states will have to reinvent transport policy. The sector will have to be decarbonised but without public money. But as we shall see, this is not a threat, it is an opportunity to make steps towards a truly sustainable and efficient transport system.

1. Put climate and energy at the heart of transport policy

Over the past five years the issues of climate change and energy have taken centre stage on the EU's strategic agenda. They are now one of the critical pillars of EU co-operation. Transport policy should no longer be framed with climate and other environmental issues as an inconvenient afterthought. Instead, climate and energy concerns should be at the heart of all aspects of the design and implementation of EU transport policy. That must mean more than rhetoric, it must translate into policy on the ground. The institutional separation of transport and environment policies at the Commission should no longer be reflected in disparate and conflicting strategies but two departments should increasingly work together to deliver a unified sustainable transport policy with climate and energy at its heart.

2. Set interim targets for energy use and energy carbon intensity in transport

The President's objective of decarbonising the transport sector by 2050 should be made meaningful rather than aspirational by adding interim targets for 2015, 2020, 2030 and 2040 for both total energy use and the carbon intensity of transport energy.

If serious action is not taken in the next five years, the required emission cuts later on will be unachievable. The system needs to be energised now. The business-as-usual slow progress we have seen in recent years needs to be transformed in the short term to bold targets which will jump-start the innovation process.

3. A new approach to transport demand growth

The Commission has never presented a coherent vision on how it intends to deal with transport growth overall. The 2001 Transport Policy White Paper contained the objective to decouple transport growth from economic growth. But it turned out to be an empty promise. The 2006 review of the White Paper ditched the objective, despite the fact that the European Council had explicitly endorsed it only six days earlier in the renewed Sustainable Development Strategy.

The truth is that EU transport policies have always aimed at increasing the efficiency of transport, through opening of borders, common administrative procedures, and liberalisation of markets. This approach has often common into direct conflict with environmental concerns.

On the one hand, the EU heralded the signing of an open skies agreement between the US and the EU. But the growth effects of that agreement wiped out, in one go, the emissions reductions from the inclusion of aviation into the EU's emissions trading scheme (EU-ETS).

The 'decoupling' objective has not been met, because this contradiction has not been resolved. It's time to put that right.

Opening up borders and markets, and making transport more efficient is not wrong. But a focus on this aspect of transport policy has come at the expense of environmental concerns. Now that borders and markets have largely been opened, the resulting transport growth is choking Europe. Transport now needs to be decarbonised.

We need a new objective:

To make Europe the most transport efficient economy in the world

There is an analogy with energy efficiency here - transport use and energy use are alike in many ways. Both are indispensable to any modern economy and both are a means to an end, rather than an end in themselves. Both are not external effects in themselves but rather an important cause of external effects. But crucially both are, in the end, costs to society and should be used as sparsely as possible.

At the beginning of the 1970s there was a generally-held consensus that economic growth and growth of energy consumption inevitably go hand in hand. But no one would now argue that energy efficiency is a bad thing.

We need a similar shift in transport policy thinking. There is abundant scientific and empirical evidence that reducing transport can have numerous positive consequences including better traffic flow, improved safety and reduced environmental and health impacts. Therefore the Commission should introduce this concept as the new foundation of its transport thinking – transport must be used as wisely and sparsely as possible.

4. Accept that budgets will be tight – break the link between pricing and funding

The Communication suggests that transport needs to become 'self financing'. While this may sound attractive in principle, in practice we are afraid the Commission means new attempts to earmark transport taxes and charges for transport purposes.

This is not a responsible and realistic approach to take in the context of the current financial crisis. More than ever, governments should be shifting from the idea of fixed funding lines and towards achieving the best value for society as a whole from every euro of taxpayers' money.

It is also entirely rational to reduce transport infrastructure budgets as the crisis has already had a marked effect on transport volumes – this effect is likely to be prolonged.

The Commission should recognise these fundamental economic truths and abandon its attempts to earmark transport charges for spending in transport. It should acknowledge

that the time of old-fashioned 'predict and provide' spending programmes for transport infrastructure spending is over and that the time is right for demand management.

This approach is not only more environmentally sustainable, but also more economically sound.

5. Change the direction of EU transport spending

When it comes to spending of remaining transport funds and the revision of the Trans European Networks for Transport (TEN-T) policy, the EU should change course.

Transport & Environment's views on the TEN-T review are elaborated in a separate position paper¹. But we want to stress that the recent announcement of the Commission president to decarbonise the transport sector only makes our recommendations more urgent. The budget crisis makes it even more necessary to drop wasteful 'megaprojects' and focus instead on more affordable, smaller-scale investment.

6. Revitalise transport pricing

Transport pricing schemes have been shown to improve efficiency in the sector, cut emissions and boost takeup of clean technologies. The financial crisis represents an opportunity to harness these positive effects.

The July 2008 'Eurovignette' proposal on road charging was far from perfect, but it was an important step in the right direction, and the Commission should make every effort to break the current political deadlock on the issue.

Europe can also make a difference in the field of energy taxation. We strongly support a review of the energy tax directive that does the following:

- Increases minimum diesel taxes so that they are at least 10% higher than those on petrol. A litre of diesel contains at least 10% more energy and carbon than a litre of petrol, and taxation should reflect that;
- Automatically adjusts the minimum rates for inflation;
- As proposed in COM(2007)52, facilitate individual Member States to raise fuel taxes for cars by establishing an optional harmonised mechanism for the partial refunding of the diesel tax for heavy vehicles (above 3.5 tons) covered by km charges.
- Abolish the fuel tax exemption for aviation. There is still no VAT on airline tickets and still no fuel tax on kerosene. This creates a huge competitive distortion in favour of the most climate-intensive of transport modes. Inclusion of aviation in the EU-ETS has done next-to-nothing to resolve this historical anomaly, as carbon prices are held low by politically .

Should Copenhagen fail to deliver anything significant on the issue of bunker fuels (international shipping and aviation emissions), the Commission should without delay launch a proposal to include shipping into the EU ETS.

The Commission should also put forward a proposal to mitigate NOx emissions from aviation, while announcing proposals to deal with contrails and cirrus clouds.

Environmental differentiation of port and airport charges remains a necessity too.

¹ http://www.transportenvironment.org/Publications/prep_hand_out/lid:541

Last but not least, the Commission should reiterate its support for the market exchange of transit rights, as mentioned in the 2006 CTP review.

7. A strategy to manage transport speed

Transport speed is an absolutely crucial variable in transport system development. In virtually every mode speed has crept up, and on top of that users have shifted away from 'slow' to 'fast' modes.

Higher speeds make people travel more (as they can fit more kilometres in the 1.1 hours a day they spend, on average, travelling), it increases per-kilometre energy consumption, CO₂ and other emissions, and on roads it is very strongly linked to fatalities.

The lack of a proper speed management regime also means that cars, vans, and ships are equipped with much bigger engines than they actually need, another major inefficiency.

The speed limiter introduced on buses and trucks, without doubt, has been one of the most effective measures the EU has ever taken to cut emissions and accidents from road transport. The much-publicised disadvantage of lower speeds, that they would push up labour costs, can also be seen as evidence that lower speeds not only save fuel, lives, CO₂ and pollution, but even jobs.

A speed strategy could elaborate on this success. The key points of such a strategy should be:

- Lowering the limits of the existing speed limiters on trucks and buses;
- Introducing limiters on vans, and also cars;
- A renewed push for a maximum EU-wide motorway speed limit;
- Much more attention on speed enforcement efforts by Member States;
- Ensure that information on engine power and top speed of cars is added to the EU's CARE database on accidents. Strangely enough the database currently contains very little detail on the characteristics of vehicles involved in crashes, which seriously inhibits evidence gathering;
- In rail, prioritise spending on medium-speed commuter rail over high-speed rail;
- Take action to slow down shipping in EU waters;
- And last but not least: finally give non-motorised transport the place, and certainly funding, it deserves. Non-motorised transport also offers great health benefits. A cross-service (i.e. TREN/SANCO/ENV) strategy for non-motorised transport, promoting active lifestyles and fighting obesity, would be very helpful in this respect.

8. Maximising technological deployment

We welcome the recognition of the Commission that technological leadership is essential for Europe's future prosperity. We would like to add a few elements.

First, that even if global leadership is not at stake, investing in environmental and safety technology is well worth the effort.

Second, that investing in clean technology is a better way of using scarce resources and a better guarantee for future employment than spending on oil imports.

Third, we invite the Commission to add to this statement that the EU will not limit itself to promoting technology development, but even more focus on its actual rollout in the fleet. It happens all too often that useful technology is lingering on shelves because the regulatory framework is not adequate, or just reacts much too slowly.

9. Caution on electric cars

The electric car is too often seen as the panacea that will solve transport's climate problems. But despite the fact that electrification of transport currently seems the technological pathway most likely to deliver deep carbon cuts, there is a plethora of technical, economic and legal reasons why it's unwise for policy makers to massively promote them as another 'silver bullet' solution.

Technically and economically speaking, scenario analyses performed so far point out that uptake of electric vehicles is likely to be slow, too slow to achieve meaningful carbon cuts over the next decades.

Studies also point out that the extra electricity demand from electric cars will likely come from coal and nuclear power, instead of from renewable sources. It is absolutely unclear whether and how realistic policies can be framed to turn that around.

Legally speaking, the fact that electric cars count as zero emissions in the cars and CO2 legislation implies that for every per cent market share of electric cars, efficiency of conventional vehicles will be a per cent lower (under the reasonable assumption that carmakers minimise their compliance costs). This implies no CO2 and oil savings whatsoever. It also implies the only way to get these savings is to tighten the standards.

'Silver bullet' solutions have a very poor track record. Over the past decade, politicians and industry alike have touted hydrogen and biofuels as such solutions, holding up real progress on efficiency of the fleet in the meantime. Electric will not solve the climate problem of *cars* any time soon, let alone the climate problem of vans, trucks, ships and aircraft, jointly responsible for more than half of transport emissions.

Last but not least, even if the EU converted quickly to electric cars running on green electricity, there would still be problems with congestion, space use, safety and health (lack of physical activity), particularly in urban areas.

The best legislative strategy and the most certain to deliver real results remains to set stretching efficiency standards. In the end, it is the prospect of tougher efficiency standards that has made carmakers change their ways and look for alternatives. An average 80g/km of CO2 emissions for new cars by 2020 and 60 g/km by 2025 remains a necessity.

10. Make trucks smarter, not bigger and heavier

Although the Transport Commissioner has made it clear he's not interested in megatrucks, the Commission keeps studying, if not pushing, this issue. This despite strong evidence they do not help reduce environmental impacts, and despite lacking any strong reason to re-open directive 96/53 on weights and sizes in the first place. In

particular, the Commission has consistently overlooked or played down the likely rebound effects of 20% cheaper road transport that would result from megatrucks.

Instead, lorries should be made much more aerodynamic, lighter, more fuel efficient, safer and slower. Various legal instruments can help achieve that objective. The Commission should change course and propose legislation to make lorries smarter instead of bigger and heavier.

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