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AmCham EU's response to the European Commission's consultation on a sustainable European policy for transport

Introduction

AmCham EU provided a preliminary position paper to the European Commission last July highlighting the following four dimensions as founding principles of the future European policy for transport.

1/ The economy is dependent on reliable, affordable transport. Without this essential element, the economic recovery will be endangered.

2/ Investments are needed in infrastructure and in fleet renewals.

3/ Co-modality and a level playing field need to be ensured through a holistic approach.

4/ Cost-efficiency can and must be at the heart of any solution aimed at decreasing CO₂ emissions and increasing safety in the transport sector.

AmCham EU welcomes the debate encouraged by the Commission on what policy measures are needed to address the future challenges of the transport sector. This paper contains our recommendations to the key points identified in DG TREN's consultation.

(1) Infrastructure.

AmCham EU recommends that the European Commission base its policy on an **inclusive approach**, which acknowledges the essential nature of transport as a pillar of economic activity. Investments in transport infrastructure are important enablers of economic recovery, growth and job creation.

AmCham EU member companies are of the opinion that **further investments in the infrastructure** of all transport modes are the highest priority item in transport policy and **can no longer be delayed**. Poor infrastructure causes congestion, which increases consumption and emissions, whilst also hampering economic activity, limiting access to essential services and undermining safety. Member States and the European Commission must therefore ensure sufficient investment in the modernisation of national and trans-European networks to

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POSITION STATEMENT

improve transport efficiency. It is important that these investments are based on thorough cost-efficiency calculations.

Part of these investments should focus on improving **urban mobility** of individuals and urban freight transport activity, which are of major importance for urban development and for the economy. AmCham EU recommends that the European Commission Urban Mobility Action Plan should state that planned access restrictions should be subject to stakeholder consultation and respect necessity and proportionality principles.

The future of transport discussion offers the possibility to assess whether the priorities laid down 10-20 years ago are still valid today. But the priorities, once decided, must then be fully funded. It is essential that the EU deliver on **TEN-T** programmes, which must be selected according to a fully co-modal and intermodal approach, with full funding assured. Infrastructure investment by the appropriate level of government is also key, whilst restrictions on vehicle access and ownership should be resisted.

When considering which infrastructure projects to prioritise, the focus should be on **“efficient transport” in a co-modal system**, which should enable all transport modes to increase their efficiency and, where appropriate, compete with each other. To achieve this, investments in infrastructure for road, rail, inland waterways and air are necessary, with additional investments in intermodal infrastructure to allow inter-connection and thereby optimisation of the whole system.

On the **logistics** side, AmCham EU believes that new initiatives should focus on the standardisation of equipment, processes and technology to ensure consistency and optimise capacity utilisation. All transport modes should be enabled to improve and innovate as all transport modes contribute to a balanced co-modality. All modes of transport should be inter-connected without any technology break and irrespective of the EU internal borders. Dedicated infrastructures and corridors will contribute to the optimisation of capacity utilisation.

(2) Funding and pricing.

As a strong economic recovery will depend on an efficient transport system, all efforts should be made to **avoid burdening** the transport sector with additional taxes and charges. Increased costs on transport would only harm social well-being in the EU. The close link between transport and the economy needs to be emphasised under any economic climate, but especially under the current challenging economic conditions.

AmCham EU recommends that the **revenues** raised in transport (i.e. through charging mechanisms) should help finance the investments needed for the future of transport. A balanced mix of transport modes is needed. However, revenues obtained through different charging schemes must not be used for cross-subsidisation, because such approaches damage the competitiveness of all market participants to the detriment of society as a whole. Revenues must also not be used to fill holes in the budgets of cities and Member States. Instead, all

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revenues should be reinvested in the form of transport that generates the revenues, for instance into infrastructure projects.

Any charging system based on "polluter pays" and "user pays" should adhere scientifically to those principles, whilst also considering their limitations. In this context, these principles should not be expanded in order to justify burdensome additional charges, in particular for congestion. The transport system and the general economy already suffer from the effects of congestion - congestion based fees would increase even further the burden on transport and therefore on the transport-dependent economy.

Any transport policy must be **co-modal** in design since in the majority of cases modes of transport are complementary. Modal shift is neither possible nor suitable in the large majority of traffic flows. Therefore it is important that the Commission avoid addressing transport policy on the basis of "modes of transport" but address it on the basis of "efficient transport". In order to make the transport sector as efficient as possible, the European Commission must encourage all modes of transport to be more innovative using existing tools. It should encourage all transport mode providers to further incorporate the "customer service provider" in their business culture instead one of "modal operator". All modes of transport must be able to compete fairly with each other on the basis of its own advantages and challenges and develop solutions that will trigger continuous technical improvements.

The European Union has rightly identified that investments linked to transport can support and accelerate recovery from the current recession. The European recovery plan proposed more flexibility to simplify and facilitate the mobilisation of **cohesion funds**. AmCham EU welcomes this key component of the EU recovery efforts, but also stresses that an unconsidered relaxation of the decommitment rules (N+2, N+3) could also cascade into multiple delays in needed investments.

(3) Technology.

It is important to ensure **technology neutrality**. The market should decide the best new solutions to solve current problems, while technologies are brought to market due to the forces of consumer demand and appropriate common technical standards and regulations.

The EU and its Member States should continue to support pre-competitive R&D programmes, create lead markets for the most promising technologies, promote the transfer of the results into real commercial products, applications and services and their deployment. This is especially appropriate where prospective technologies have been independently assessed as having substantial future potential, but requires significant up-front investments which may be prohibitive for industry.

While it is necessary to consider the future of transport and the environment up to 2050 and beyond, in the short-term the Commission must support the immediate **introduction of existing technology solutions**. There are real near

and medium-term activities that, if implemented, can help reduce the impact of all transport modes on the environment and improve safety.

For the longer term, policy solutions must prioritise the continuation and acceleration of research funding that can help **ensure that further technological and operational solutions** are developed and implemented. Continued support for EU-US joint research efforts should be encouraged (i.e. through the Framework Programmes for Research and Technology). Funding decisions and provision of the funds themselves should be faster and less onerous for innovative businesses and provide more opportunities for international cooperation. Funding policies should be flexible enough to keep up with the dynamics and the high pace of innovation.

All transport modes should be enabled to develop new solutions and concepts, especially if they prove to be cost-effective ways of addressing concerns, including CO₂ emissions, congestion and co-modality. For example, introducing **ecocombis** (longer & heavier vehicles) on EU roads with a standardised modular concept should be considered as an option to support innovation for more efficient transport and enhanced intermodality. Two studies, commissioned by the European Commission, are now clearly demonstrating that this option brings an advantage to EU society ranging between €5 and €30 billion per annum. All modes should be encouraged to innovate and improve their efficiency irrespective of what is happening in other modes.

AmCham EU believes that the “**Intelligent Transport System**” technology (ITS), should be encouraged especially if stakeholders (including EU institutions, Member States and industry) agree it is a priority. There are several ways to promote ITS based products e.g. by national or European awareness campaigns to convince potential customers of the value and benefits or by offering financial incentives or other sales promotion activities at least for the ramp-up phase. Furthermore, it is important that Member States provide the external infrastructure needed for the deployment of ITS, for instance in the case of the eCall system. The most important activity of the EU should however be in standard setting. Mandatory introduction of ITS will only increase the overall costs, and given the infant stage of much of ITS technology, it is likely to be impossible to implement in practice.

Investments for fleet renewal are essential to bring pollutant emissions close to zero, while not compromising on vehicle safety aspects. Incentives have proven to be an effective way to lower emissions immediately. There are also strong market pressures that have led to significant competition among manufacturers to release low emission vehicles, which represents an efficient form of self-regulation.

(4) Legislative framework.

It is essential to base the debate on a thorough understanding of the contribution and effects of transport to society. This requires recognition of the economy's dependence on transport.

AmCham EU also stresses the importance of ensuring that the **better regulation** principle maximises the efficiency of transport policies. Before any decisions on legislative initiatives in transport are made, AmCham EU recommends that a clear **impact assessment** is carried out along with reliable statistics.

The transport sector must be part of the global effort to reduce **CO₂ emissions** and to tackle climate change. To achieve this objective, an integrated approach is needed; in which all relevant actors contribute to improved performance of each transport mode. This approach is based on cost effectiveness and proportionality, to ensure that limited resources are employed to their fullest potential. A fiscal policy that avoids market fragmentation is also necessary. A long-term solution that will rest on innovations in fuel, vehicles and infrastructure technologies alongside non-technical measures is needed. An example of such innovation is that original equipment manufacturers are now able to significantly reduce emissions at their source through the process of researching, developing and commercialising sustainable alternative energy. Governments and regional and international organisations need to remain proactive partners in this process.

The transport sector also has a responsibility to enhance the **safety** of its users (see more detailed comments under section 5, 'Behaviour'). Future efforts by the EU in this area should also be based on deployment of the most cost effective solutions, whether through technology, behaviour or improved infrastructure. The focus should be on the protection of individuals and the most vulnerable users.

In order to make transport more efficient, it is important to effectively **liberalise the market** in all modes of transport. Experience shows that market liberalisation drastically improved the efficiency of hauliers and air transport.

(5) Behaviour.

Regarding health, safety and security standards it is important to enforce the rules that exist already and to ensure good training for the more than 9 million people who are employed in transport related sectors (services, equipment, and infrastructure). Driving behaviour of vehicle operators, whether in private, commercial or public transport, can have a substantial effect on CO₂ emissions. Training should be made available to ensure users and drivers possess the appropriate knowledge and skills for the proper use and maintenance of vehicles, whilst monitoring of results and continued provision of information would be effective in improving effectiveness over the long term.

Tyres are one example of how pro-active measures of drivers and fleets owners can prevent accidents through, amongst others, regular checks on the inflation pressure and on the tyre tread depth. Proper inflation pressure is also key for reducing fuel costs and fuel emissions. EU and national authorities should therefore give support for consumer awareness campaigns on this and other aspects of vehicles.

The full supply chain – including customer expectations – must be considered. Behaviour of consumers in their purchasing decisions can be influenced by a fiscal policy which incentivises appropriate end results. For example, taxation based on CO₂ emissions enables selection of lower emitting transport solutions. Again, cost effective solutions should be sought, such that the fiscal cost of CO₂ emissions is similar across economic sectors.

(6) Coordinated action.

The EU should ensure that the single market is governed by coherent rules and standards. This is important not only with regard to tax regulation, which currently leads to extreme market fragmentation, but also with regard to accessibility of cities and municipalities by motor vehicles. For example, differentiated taxes across the EU currently lead to market fragmentation in many areas of transport and harmonisation of certain transport taxes is appropriate. Technical standards are particularly suited to pan-EU coordination. Efforts in this area, for example in electric vehicle recharging infrastructure or the modular concept for heavy duty trucks, should continue to be supported and new opportunities identified as early as possible.

In urban transport, the principle of subsidiarity should be respected as much as possible, with each city taking independent decisions about managing its traffic and accessibility by motor vehicles after the appropriate stakeholder consultations. However, coordinated action can be effective in ensuring interoperability, where city and road access or charging systems are employed, in order to enable seamless travel between cities for private and commercial users.

(7) The external dimension.

Due to the international dimension of air and maritime transport and in order to maintain a level playing field, AmCham EU recommends that measures should be taken at an international level rather than on a European one (International Civil Aviation Organisation (ICAO) for air transport and International Maritime Organisation (IMO) for maritime). ICAO and IMO, as global organisations that are experienced in addressing the many issues and trade-offs associated with respective transport environmental standards and regulations, must lead the approach for a global solution. Furthermore, having ICAO/IMO in a leadership role can help prevent a multi-layering of regulatory/market measures.

We would ask that European institutions focus on global solutions whenever possible, for instance through cooperation at the UN level (e.g. UN Working Party 29 on Harmonisation of Vehicle Regulations).

Many industries in the transport sector are highly globalised. As such, it is important to keep Europe a competitive location for the production of vehicles, craft and parts. It is also important that standards set in Europe are as compatible as possible with those in major markets.

For transport operators, another important aspect of the internationalisation of transport is the improvement of infrastructure. The links to the European

neighborhood have to be improved. Some infrastructure in neighbouring states is in very bad condition and waiting times at border crossings are excessive and therefore costly. However, even within the borders of the EU, infrastructure leaves much to be desired, especially the connections between the old and new Member States.

AmCham EU speaks for American business committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Total US investment in Europe amounts to \$700 billion, and currently supports over 4 million jobs.

