

# **EuroCommerce Response to European Commission Consultation “*A sustainable future for transport: Towards an integrated, technology-led and user friendly system*”**

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## **Recommendations for a Sustainable EU Transport Policy**

### **Co-modality:**

- Improved promotion of co-operation between modes of transport, in particular between rail and road as well as the recognition of the need of all modes of transport.
- More focus on the need to develop terminals and terminal technologies for improving the efficiency and reducing the cost of changing between modes.
- A level-playing field between transport modes in order to offer the commerce sector a real choice.
- Encourage the possible use of fiscal incentives for investment in equipment and facilities in connection with terminals and other loading points for combined transport.
- The promotion of professional training in intermodality.

### **Inland waterways/short sea shipping:**

- Improving the promotion of inland waterway and short sea shipping transport, such as promoting investment in new ships. (Currently, end-users cannot make a cost-efficient use of this mode due to lack of ships).
- Further harmonisation of Intermodal Unit Loads and development of intermodal terminals.
- Cutting red tape - simplification of administrative procedures such as permits.

### **Rail transport:**

- Effective liberalisation of railways in Europe, with an aim for cost-efficient, reliable, fast and quality rail freight service.
- The continuation of the promotion of interoperability between national rail networks.
- The development of measures to harmonise framework conditions for rail transport in Europe.
- Focus on ensuring that rail stays and improves sustainability.

### **Road transport:**

- Promotion of the European Modular System (EMS) allowing for longer and potentially heavier road vehicles to improve the efficiency of road transport.
- Promotion of bio fuels and the development of other alternative fuels and energy sources in private and public transport.
- Promotion of clean technology in transport as well as research and development.
- Incentives to invest in newest and cleanest technology.

### **Urban logistics:**

- Promotion of public-private partnerships to improve and find creative solutions for urban transport policies, involving all stakeholders and avoiding unnecessary rules for vehicle restriction and delivery curfews.
- Application of a sustainable and result-oriented approach to ensure urban sustainability takes into account the reciprocal relationship between commerce, urban development and consumer needs.
- Promotion of best practices, existing knowledge and clean technology in urban transport.
- Ensure a holistic approach which recognises the need to combine efficiency and sustainability.

### **Free and fair competition in the transport chain:**

- Ensure effective, fair conditions for competition between modes of transport.
- Any environmental subsidies should be based on the real environmental effect of any mode of transport.
- Revenues from infrastructure charging systems should be channeled exclusively into infrastructure building, maintenance and improving traffic management.

## Introduction

EuroCommerce had the opportunity to contribute to the EU Commission consultation paper on **"A sustainable future for transport: Towards an integrated, technology-led and user friendly system"**, prior its publication on 17 June 2009, by participating to the Future of Transport 3rd focus group on Infrastructure and Logistics (including urban and land planning).

EuroCommerce welcomes this Communication on the Future of Transport. With this paper we would like to provide the Commission with additional input on issues which are of particular relevance for the commerce sector and which should be included in the forthcoming 2010 White Paper as well as in other future initiatives of the Commission.

The efficient delivery of goods is important for all industries and particularly for the commerce sector, whose primary role is to bring products and services to customers. Increasingly, consumers expect goods to be available all year round and to cater for this, commerce is developing new modes of delivery, such as 'just-in-time'.

In recent years, sustainable transport has become increasingly important in Europe. However, EuroCommerce fears that actions proposed at EU level may result in higher transport costs rather than in environmental improvements. The challenge for the commerce sector is to balance different needs in order to achieve sustainable transport solutions, which benefit its stakeholders, its customers and the environment.

***EuroCommerce stresses the importance of a holistic approach which recognises the need to combine efficiency and sustainability.***

## Sustainable Freight Logistics/Transport

Commerce is very dependent on efficient transport and logistics to optimise the supply chain. Today, logistics is also key for meeting the environmental challenges linked to transport while ensuring mobility and competitiveness. The commerce sector needs continued product availability to serve its customers, the public. At the same time we recognise our share of responsibility in reducing CO2 emissions, noise, pollution, congestion and other effects from transport, while also improving safety and working conditions.

The sustainability reports of most companies already include levels of CO2 emissions as well as reduction targets. EuroCommerce also provides its members with a platform to share information on initiatives to resolve climate change concerns and exchange best practice. The challenge for the commerce sector is to balance those needs in order to achieve sustainable solutions, which benefit our stakeholders, customers and the environment.

As recognised by the Communication, incentives are needed to use more silent vehicles, safer modes of transport or more environmentally friendly means; however extra charging will not be the right incentive. Increasing the cost of road transport (by infrastructure charging, internalisation of external costs, etc) will not make transport greener in Europe unless alternative modes or fuels are available and greener technologies are encouraged.

Therefore alternative policy measures for sustainable transport should be considered, rather than the option of raising road freight transport costs alone.

### **Free and fair competition in the transport chain:**

- *Ensure effective, fair conditions for competition between modes of transport.*
- *Any environmental subsidies should be based on the real environmental effect of any mode of transport.*
- *Revenues from infrastructure charging systems should be channeled exclusively into infrastructure building, maintenance and improving traffic management.*

### **Intermodality**

All modes of transport have a role to play in the EU. Efficient and sustainable transport and logistics require better shipping, rail and road infrastructures as well as efficient transfer between modes. Many retailers/wholesalers already combine different modes, however, for certain routes and within city centres there are no viable alternatives to road transport. One of our main messages is therefore the **mode neutrality** of traders.

For many distances traders are already choosing rail, inland waterways or short sea shipping as the preferred mode of transport. There is no inherent wish to use road when alternatives exist. However, traders in the EU have to use the modes available offering efficient, reliable and financially competitive services with the necessary quality. This applies for all types of transports (long/short distance, food/dry goods).

The commerce sector requires agile supply chains to meet customer needs. Trucks and light vans are well equipped to meet this need. For the delivery of many goods, there is thus little or no viable alternative to road transport. The Freight Transport Logistics Action Plan of the European Commission (COM (2007) 607) recognised the complexity of transport chains.

A number of urgent steps are, however, required for alternative modes of transport – rail, inland waterways - to become real links in the transport chain and viable alternatives to road transport for the commerce sector.

#### **Recommendations to improve co-modality:**

- *Improved promotion of co-operation between modes of transport, in particular between rail and road as well as the recognition of the need of all modes of transport.*
- *More focus on the need to develop terminals and terminal technologies for improving the efficiency and reducing the cost of changing between modes.*
- *A level-playing field between transport modes in order to offer the commerce sector a real choice.*
- *Encourage the possible use of fiscal incentives for investment in equipment and facilities in connection with terminals and other loading points for combined transport.*
- *The promotion of professional training in intermodality.*

### **Inland waterways/short sea shipping**

Europe has over 39,000 kilometers of canals and rivers which link together hundreds of key towns and areas of industrial concentration. The core network links the Netherlands, Belgium, Luxembourg, France, Germany and Austria, carrying cargo such as heavy materials, bulk, industrial goods, building products, containers, oversized loads and waste. Several hundred inland water ports along the network provide access and links with other modes of transport. Inland waterways are perfectly placed at the heart of Europe's trading routes to offer intermodal connections to road, rail and sea lanes.

Despite this dense and flexible network, there remains a massive amount of unexploited capacity on the waterways. Freight transport by inland waterways accounts for only 7 percent of total inland transport in the EU. In some regions, such as the Benelux, northern France and the Ruhr area, inland waterway transport can reach 43 percent.

Inland waterway transport has many advantages, for example navigation can often take place 24 hours a day, 7 days a week, vessels for liquid goods are often built with a double hull to carry dangerous goods, the number of accidents is extremely low, low fuel consumption per ton and kilometer, etc. **Cost reductions in this field should be sought through further harmonisation of intermodal loading units and development of intermodal terminals.**

An inland waterway container ship can carry between 200 and 470 TEU. However the competitiveness of inland waterways strongly depends on costs of transshipment in addition to prehaulage and post-haulage, which often account for more than 50 percent of all transport costs in the transport chain.

Short sea shipping, as inland waterways, provides many advantages, however, the **administrative burden** in this sector form huge barriers to exploit the opportunities of this mode. Simplification of administrative procedures, such as permits, would make the usage of this mode more attractive.

**Recommendations Inland waterways:**

- *Improving the promotion of inland waterway transport, such as promoting investment in new ships. (Currently, end-users cannot make a cost-efficient use of this mode due to lack of ships).*
- *Further harmonisation of Intermodal Unit Loads and development of intermodal terminals.*
- *Cutting red tape - simplification of administrative procedures such as permits.*

**Rail transport**

Rail has great potential to be an attractive means of freight transport. However the current de facto monopolies of most railway operators combined with the lack of efficient rail infrastructure for freight and reliable interoperability across Europe, make it difficult for the commerce sector to use rail on a regular basis. The complexity of dealing with rail transport means "just in time" delivery conditions are usually not met. A simple deregulation of the market to create an open European railway transport market would be insufficient.

It is therefore important that the Member States implement the railway package effectively and that the Commission monitors the implementation and proposes new legislation when necessary. For EuroCommerce, effective liberalisation of rail would include deregulation of domestic transport and accessibility of rail freight users to the rail market.

**Some challenges for using rail**

Rail transport has great potential, but in practice, it is sometimes only a viable alternative for a few commerce companies. It often appears that political priority is given to passenger rail transport rather than freight. The commerce sector cannot be certain that needs of freight transport users are being considered on an equal footing.

Technical and administrative problems continue to make cross-border rail operations very complex, time consuming and costly. For example, a rail company needs at least 12 different permissions, issued by different authorities, before operating across borders between Sweden and Germany. Numerous obstacles remain for ensuring a liberalised and competitive access to freight transport by rail. However, EuroCommerce is convinced that rail can become a viable and useful transport mode in Europe. Rail should be able to develop itself as an alternative to road and inland waterways in some market segments. In other segments, rail will be a useful link in the transport chain.

Despite the challenges of rail transport, the commerce sector does continue to work towards inventing and implementing sustainable solutions in its transport chain.

**Commerce sector is striving for better use of rail**

The developments that have marked the European road transport sector over the last few years (traffic increase, traffic congestion of large urban centres and increase in the cost of diesel oil) have encouraged distributors to diversify their approach and optimise the comparative advantages of existing transport modes. The development of intermodality between rail and road could address these concerns.

Faced with the current limitations of rail transport (reliability, limited interoperability, strategy and commercial policy of some major operators), EuroCommerce still believes in the high potential of rail/ road for national long distance flows and European flows between large production and consumption centres. To realise this potential, operators need to take better account of users' needs and achieve a higher degree of consistency with the European Commission's guidelines.

Furthermore, although traders are willing to invest more in sustainable modes of transport, the increasing rail prices in several Member States on some stretches in recent years on the top of the abovementioned shortcomings of rail is hampering the usage of this mode.

**Recommendations Rail transport:**

- *Effective liberalisation of railways in Europe, with an aim for cost-efficient, reliable, fast and quality rail freight service.*
- *The continuation of the promotion of interoperability between national rail networks.*
- *The development of measures to harmonise framework conditions for rail transport in Europe.*
- *Focus on ensuring that rail stays and improves sustainability.*

**Road transport**

Despite often congested roads in some parts of the EU, this most important and flexible mode of transport retains great potential. Intelligent solutions can prevent traffic jams and new technologies can make road transport more environmentally friendly.

**The European Modular System (EMS) according to Directive 1996/53**

The expansion of the road network is not unlimited and we are daily facing more and more traffic on an already overloaded network. Shifting excess transport to rail, sea or inland waterways is only a realistic option for certain goods on certain itineraries. In order to respond honestly to the problems facing road transport, creative solutions to make it more efficient need to be found. We strive to combine economic growth with a reduction in CO2 emissions. The European Modular System promotes the use of longer vehicles, which provides greater safety and reduces emissions.

The Modular System enables three "normal" trucks to be replaced by two 25.25 meters trucks. Fifty percent more goods could be transported with one truck and the emission of carbon dioxide could be reduced by 15 percent per ton.

EU directive 96/53EG (article 4) enables the use of the European Modular System across Europe. However, Sweden and Finland are the only countries that have implemented the use of the system and some other Member States started with trials.

**Vehicle efficiency**

The commerce sector strives to use vehicles with higher Euro standards, including modern computer scheduling and route planning systems. This is done to maximise vehicle 'fill' whilst minimising the total mileage travelled and the number of vehicles and journeys required. The route planning systems use the motorway and trunk road networks wherever possible thus encouraging greater fuel efficiency and reducing disturbance in residential areas. Similarly, global positioning systems enable vehicle movements to be tracked and routes to be effectively managed, saving fuel and reducing congestion. Some retailers also implement logistics traceability computer tools that trace products from the supplier to the warehouse and from the warehouse to the store using a pallet label with a bar code.

The commerce sector also cooperates with suppliers to use the same vehicles for transport upstream and downstream.

The EU should continue using the EURO norms but recognise that the market needs time to both develop and to up-take the new technology. Particularly with the current crisis, new investments have slowed down.

**Recommendations Road transport:**

- *Promotion of the European Modular System (EMS) allowing for longer and potentially heavier road vehicles to improve the efficiency of road transport.*
- *Promotion of bio fuels and the development of other alternative fuels and energy sources in private and public transport.*
- *Promotion of clean technology in transport as well as research and development.*
- *Incentives to invest in newest and cleanest technology.*

## **Urban Mobility**

Commerce and city centres depend on each other to prosper. Besides providing millions of jobs – in particular in smaller shops - and contributing to a high quality of life, security and social cohesion in cities, commerce guarantees the vitality of a city and ensures that city dwellers are constantly supplied with a huge variety of products.

However, delivery of goods in cities is becoming more and more problematic, increasing costs and threatening town centre trade. **City accessibility for freight and consumer traffic must be ensured and the setting up of efficient and sustainable urban transport systems is needed.** The commerce sector has a strong interest in clean and viable cities but at the same time, proper provision must be made for freight and commerce to ensure our city centres remain attractive and vital places to live.

Here again, the 'last mile' is crucial, since so much commercial activity, especially for smaller businesses, takes place in city centres. ***'Last mile' delivery to our shops will (nearly) always be by road and therefore urban distribution by trucks and vans must be facilitated to ensure deliveries to local shops and to maintain their viability as well as to keep town centres vibrant.***

**Congestion**, which is indeed as mentioned in the Communication a major problem in urban areas, is caused by all vehicles using the road, with work commuters in private cars accounting for most of the traffic in many areas. Congestion in itself is a very high cost for the commerce sector which it tries to reduce by finding efficient solutions. However there are many other rules companies have to comply with such as delivery times which restrict them in for example delivering during the off-peak hours. The solution will not be achieved by restricting access to city centres or by extra charges, but flexible solutions need to be found.

Changing behaviour is very essential as well as a good public transport system. Due to the ageing society demand of supplying small shops in city centres will grow. In order to fulfil the demands of the whole society it is important that special account is taken of the commerce sector's concerns.

Concludingly, the positive aspects of road transport should be taken into account. Due to road transport the vitality of a city can be guaranteed and city dwellers are constantly supplied with a huge variety and amount of products.

### **Urban logistics:**

- *Promotion of public-private partnerships to improve and find creative solutions for urban transport policies, involving all stakeholders and avoiding unnecessary rules for vehicle restriction and delivery curfews.*
- *Application of a sustainable and result-oriented approach to ensure urban sustainability takes into account the reciprocal relationship between commerce, urban development and consumer needs.*
- *Promotion of best practices, existing knowledge and clean technology in urban transport.*

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## **EuroCommerce and the commerce sector**

EuroCommerce represents the retail, wholesale and international trade sectors in Europe. Its membership includes commerce federations and companies in 31 European countries.

Commerce plays a unique role in the European economy, acting as the link between manufacturers and the nearly 500 million consumers across Europe over a billion times a day. It is a dynamic and labour-intensive sector, generating 11% of the EU's GDP. One company out of three in Europe is active in the commerce sector. Over 95% of the 6 million companies in commerce are small and medium-sized enterprises. It also includes some of Europe's most successful companies. The sector is a major source of employment creation: 31 million Europeans work in commerce, which is one of the few remaining job-creating activities in Europe. It also supports millions of dependent jobs throughout the supply chain from small local suppliers to international businesses.