



19 September 2009

EU Future of Transport Consultation
Tren-future-of-transport@ec.europa.eu
European Commission
Brussels

Our Ref: EU01

Dear Sir

Response to Consultation on a 'Sustainable Future for Transport'

You will find on the following pages my commentary on the communication from the Commission headed: A sustainable future for transport: Towards an integrated technology-led and user friendly system.

LCP Consulting is a specialist supply chain and logistics consultancy and I have more than 30 years experience in the area. I am also a Visiting Professor at Cranfield University.

Our company has worked extensively with some of Europe's and the UK's largest companies on the re-design of their Freight and Logistics operations over many years. My interest in this response is therefore entirely in freight, logistics and the supply chain.

I have become especially interested in the future of freight transport policy over the last few years as I have become aware of the impact of climate change and the fact that the solutions we have been responsible for putting in place have been progressively more transport intensive.

I, and my company, believe passionately in the need for a radical and joined-up European (and UK) Transport Policy in the context of the challenge of climate change. It is clear that this will have to be managed in a more pro-active way than has been politically possible in the past.

I will welcome the publication of my views, as has been indicated will take place. Please feel free to contact me if you have any questions.

Yours faithfully

Alan Braithwaite

Chairman

For and on behalf of LCP Consulting Ltd

The consultation document:

The consultation document identifies a number of trends on which the future of transport is dependent: Ageing, Migration and Internal Mobility, Environmental Challenges, Scarcity of Fossil Fuels, Urbanisation, and Global trends, including sourcing and supply.

The policy objectives that arise from these trends focus on the need for sustainable transport are described under the headings:

- Quality transport that is safe and secure
- A well maintained and fully integrated network
- More environmentally sustainable transport
- Keeping the EU at the forefront of transport services and technologies
- Protecting and developing the human capital
- Smart prices as traffic signals
- Planning with an eye to transport: improving accessibility

Your document succinctly reduces the consequential freight transport policy need to define the following (your bullets), alongside the observation of just how complex is the task:

- Infrastructure.
- Funding and pricing.
- Technology.
- Legislative framework.
- Behaviour.
- Coordinated action.
- The external dimension.

Having anchored and concurred with your assessment directionally, it is clear that solutions to the freight transport 'problem' will be a combination of technology, modal shift, operating practices, network structures, regulation, taxation and pricing.

If these are applied in a coordinated way they will produce the required behavioural changes which will also contribute to reduced freight transport emissions.

The required outcomes of a reduction of 80% in emissions by 2050 while not slowing the economy to a snail's pace is a profound challenge. The big questions are:

- What blend of measures will generate the required outcomes?
- Just how radical will changes have to be?

Professor Alan McKinnon in a recent presentation explored the implications of known measures on a road map to attaining the 80% target. He concluded that a potentially extreme improvement in 'known' measures on the 2007 tonne-km base would still only contribute to a 76% reduction. The measures he considered were:

- Modal shift from road to rail and water of 14%
- Reduction in empty running of 10%
- Weight based load factors up by 11%

- Energy efficiency up by 40%
- Reduction in carbon content of 30%

The assumption of a base of 2007 tonne-kms is a tough one, since the parallel goal of resuming economic growth will almost certainly erode the potential benefits.

I take from his analysis, which aligns to my own views, that there will need to be radical changes in operating methods. Known solutions in the current operating model will not be enough.

In this context, it seems to me that there is a great deal of discussion about goals for sustainability with little attention to how it will be achieved. I understand that this is the thrust of your consultation.

The UK Government's Department for Transport has been following a similar path for the last 2 years with the publication of documents that are strong on goals but provide no insights into the how and the implications for policy and change.

I am concerned that I am seeing a blind reliance on technology to magically dig us out of the hole we are in, when I am clear that a balance of measures will be required. Those measures will include fiscal and regulatory measures that reinforce the required changes and behaviours.

The changes that I am clear will be required come from both companies and the authorities can be summarized as follows.

Companies will need to put in place:

- New network structures (where they locate their nodes and how these nodes connect) ...
- Introduce new technologies
- Adopt new freight and logistics services....
- Change their sourcing and supply arrangements
- Adjust the service commitments that they make to the customers or outlets
- Mitigate the cost and working capital implications of these changes

Governments and the EU will need to agree and implement:

- Investments in infrastructure
- Measures to encourage transport and information technology innovation
- Taxation and pricing measures that will reflect the true cost of carbon and drive towards the right behaviours and structural change by companies
- Regulatory change across a wide spectrum from working hours, vehicle size, noise and nuisance, planning and competition law

All the measures imply investment and structural change in the way that freight is handled and moved; business will need to understand clearly the cost and policy implications before committing to investments and the organisational impacts of structural change. It seems to me that the requirement is understood but the process has stalled as business waits for clear leadership and direction.

Market forces will not be enough and the policy balance to give governments the right return on any infrastructure investments will be a detailed blend for which there are no current precedents.

This is a remarkably 'Complex' problem since its directional resolution cannot be an extrapolation of what has gone before and the political interests are powerful and unlikely to comprehend the full scope of the issues.

At a recent academic meeting at Cranfield University on 'Complexity', Professor Brian Collins (Chief Scientific Adviser to the UK DfT and BIS) confirmed that the 'roadmap' to and implications of carbon reduction are still a blank page.

I am happy to agree that targets are a useful starting point, but they must be followed shortly by a clear vision and strategy as to how they might be achieved.

I have given a lot of thought over the last few months to the question: 'how to define and determine that strategic vision?' The following are the key conclusions that I have reached followed by a recommendation to the Commission.

- The generation, development and assessment of the vision and options must be a transparent and auditable process in which the choices and the validity of the assumptions are clearly set out and the choices and trade-offs well explained to the community – the scale of the changes that must be engineered are significant and not 'linear' from where we are today.
- The data on freight transport is inadequate (quality and levels of detail) for the task, at least based on my exposure to the UK's statistics. Freight is treated as much more fungible than it really is, which results in dangerous generalisations and misses opportunities for structural change.
- Established modelling methods are intrinsically retrospective as applied by governments for transport planning. They are statistically based and cannot anticipate and guide on radical change or restructuring. This is particularly the case where behavioural change is needed through taxation and regulatory change.
- Coupled with the limitations of the current data structures these points indicate a need for a new approach to data capture, modelling and evaluation.

I have recently been working with the Managing Director of MDS Transmodal who are the custodians of the GB Freight Model. He has confirmed this assessment of the situation.

My recommendation to the Commission is that this situation must be addressed in a structured way. This can be achieved by the development of new tools, improved data management and better engagement with business in a way that actively obtains the understanding of the wider community and at the political level.

I have become increasingly aware of the potential to apply complex systems thinking and software tools to the challenge of answering the big freight questions. There are now some examples of these providing powerful insights into policy making across the sorts of interactions we have to deal with: i.e. the spacial, fiscal, regulatory and planning dimensions described in my submission (albeit on a smaller scale).

My colleagues at Cranfield University have a Complex Systems Group which is gaining increased visibility and there are software tools and computing power that can support the scale of the problem.

I strongly recommend that the Commission adopt such research and development with the full engagement of the member states.