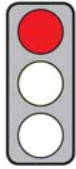


MAIN ISSUES

Objective of the Draft Report: The Draft outlines what are for the European Parliament the future key focus points of EU transport policy and defines concrete targets for the transport sector.

Affected parties: All transport users.



Pros: –

Cons: (1) The propagated avoidance of competition between different transport modes is questionable in terms of ordoliberal criteria and harms the efficiency of the entire economy.

(2) Instead of defining CO₂ reduction targets for road transport only, the EU should include all transport modes into the European CO₂ emissions trading system.

CONTENT

Title

Draft of 2 February 2010 for a European Parliament report on a sustainable future for transport

Brief Summary

► Context and object of the Draft Report

- In 2010 the Commission is to publish a new White Paper on European transport policy for the period of 2010-2020. In 2009, in a Communication on the future for transport it already put up for discussion its key policy issues [COM(2009) 279; cp. [CEP Policy Brief](#)]. In this Communication it did not, however, mention any concrete policy targets, such as for instance CO₂ reduction targets.
- The present Draft Report of the transport committee presents the challenges and key issues of a future European transport policy from the point of view of the European Parliament. Moreover, it defines concrete “measurable” targets for the transport sector to be accomplished by 2020.

► Challenges for the European transport policy

- The Report explicitly refers to the fact that in 2006 the transport sector was responsible for 24.6% of total CO₂ emissions in Europe. As a result, the reduction of CO₂ emissions in the transport sector (so-called “decarbonising”) constitutes one of the key challenges. This is to be met with “sustainable” measures such as price formation. (p. 6)
- Population growth, mainly expected in urban areas, creates security and capacity problems: overworking modes of transport chains and “collective” transport could help to overcome these challenges to urban transport. (p. 6)
- According to the Report, the increase in transport leads to infrastructure bottlenecks. In particular, freight transport efficiency will suffer as a result. Therefore safety for both passenger and freight transport when using the infrastructure should be ensured.

► Policy targets of the European Parliament

– Integrated transport network

- The Report recommends defining a core network within the overall trans-European transport network (TEN-T). Its definition is to be based on the criteria of “sustainable development” at European and regional level. Moreover, it is to include enough interfaces between the various modes of transport.
- The Report underlines that current developments in European passenger and freight transport demonstrate that the former transport policy target towards a shift from road to other transport modes (so-called “modal shift”) has become “obsolete” (p. 11).
- The Draft Report therefore recommends applying “effective comodality”: direct competition between transport modes is to be avoided. Instead, the individual transport modes should “complement” each other (p. 11).
- The Report stresses that the success of “effective comodality” should not be measured only in terms of cost-effectiveness, but rather according to general criteria which are not specified in detail, such as environmental protection, social and employment conditions and safety. Moreover, attention should always be paid to the different starting positions of the different modes of transport on the one hand and of the countries and regions on the other hand.
- The Report holds the view that inland waterway transport and the intermodal linking of seaports with the hinterland should play a “greater” role in transport policy (p. 8).

– Funding

- The Report propagates having a separate “European transport fund”.

- The means for a “European transport fund” might be taken from existing EU funds for the transport sector, such as the structural and cohesion policy funds, from public private partnerships (PPP) or from “other” financial instruments (p. 8).
- The “European transport fund” should help improve infrastructure, support research projects in the transport sector and facilitate the implementation of intelligent transport systems (ITS). The funding should be granted according to certain criteria concerned with environmental aspects, social conditions and transport safety, though these are not specified.
- The Report favours a European transport policy which supports public transport, rail, ships and ports with public funds. In so doing, “competitiveness criteria” are not to be taken account of. (p. 8)
- **Technical development**
The Report emphasises that through intelligent transport systems such as the European satellite navigations system Galileo, significant environmental improvements can be achieved, e.g. reduction of noise and air pollution. Moreover, it contributes to increasing transport safety by overcoming infrastructure bottlenecks.
- **Single market**
 - The Report calls for a regular examination of European transport legislation and its “correct” transposition in Member States in order to ensure its efficiency. The Commission would be in charge of eliminating any obstacles arising due to the incorrect or delayed transposition.
 - The Report stresses that a “regulated market opening” should be achieved in Europe, in particular in rail transport. However, this should be flanked by measures which help avoid “distortions of competition”, primarily in “social, fiscal and environmental” terms (p. 7).
 - The Report deems technical interoperability, European certification and mutual recognition of professional and educational degrees key factors in a functioning single market.
 - As 75% of transport is road-based, the Report calls for the establishment of a European agency for road transport. It should:
 - be able to remove “obstacles to the sustainable single market” through regulatory measures,
 - support new applications such as the ITS or the satellite programme Galileo,
 - carry out new research projects and
 - ensure the “fundamental right” of citizens to secure mobility.
 - The Report highlights that harmonising transport documents in line with the latest communication standards and their intermodal applicability could lead to “considerable” improvements in the safety of the supply chain and to a “drastic” reduction in administrative costs (p. 8).
- **Environment**
The decarbonisation of transport is to be tackled by avoiding unladen journeys and other unspecified “suitable” innovations. Moreover, “sustainable means” should be used to contribute to the decarbonisation of all transport modes, such as an energy mix, “price formation measures” and the internalisation of external costs (e.g. through noise and air pollution). The profits generated through the internalisation of external costs should be used to further increase sustainability in transport.
- **Labour market**
According to the Report, the employment and training on offer in the transport sector should be improved and “harmonised” at EU level. The European training centres and centres of excellence could serve this purpose well; they would facilitate the mutual recognition of qualifications.
- **Quality**
The quality and efficiency of transport policy can be increased if transport programmes such as Galileo or ITS are evaluated and, where necessary, be adapted. The Report deems the following measures necessary:
 - for shifting transport from road to other transport modes, the continuation of the Marco Polo programme in a “simplified” form (p. 7),
 - drawing up a mid-term review of the NAIADES Action Programme for promoting inland waterway transport,
 - developing a new road safety programme and
 - implementing the contract on Open Sky , which governs inter alia equity participation between the European and American aviation industries [Council Decision 2007/339/EC].
- **Global orientation**
According to the European Parliament, the EU should play a more active role than before in international committees, for instance in the sector of maritime transport and aviation, since international agreements have a considerable influence on the development of European transport.
- ▶ **Concrete targets of the European Parliament**
 - **Road transport**
 - By 2020, CO₂ emissions are to fall by 20% compared with 2010.
 - By 2020, there are to be 40% less traffic deaths and serious injuries than in 2010.
 - **Rail transport**
 - As of 2011, all new rail vehicles and lines should be compatible with the new rail system ERTMS.
 - By 2020, rail transport energy consumption should be reduced by 20% compared with 2010.

- **Air transport**
By 2020, “air pollution” is to be reduced by 20% compared with 2010.
- **Inland waterway transport**
By 2020, the number of premises used to load and unload ships and to integrate other transport modes (platforms) is to be increased by 20% compared with 2010.
- **Urban transport**
By 2020, the number of bus and rail users is to be doubled compared with 2010.

Policy Context

The EU policy institutions are currently on the point of making important decisions regarding European transport policy over the next decades, which is why in 2009 the Commission made available for consultation a Communication on the future for transport [COM(2009) 279; cp. [CEP Policy Brief](#)] and a Green Paper on trans-European transport networks (TEN-T) [COM(2009) 44; cp. [CEP Policy Brief](#)]. In the Green Paper the Commission proposes a complete revision of the existing TEN-T policy. To this end, it intends to propose new guidelines before the end of 2010. The amount of funds provided for the establishment of TEN-T is € 8 billion for the period of 2007–2013.

Since 2003 the EU has, through the funds of the Marco Polo program, been supporting cross-border projects for preventing road freight transport by shifting transport to alternative transport modes [Regulations (EC) 1382/2003, 1692/2006 and 923/2009]. Until (for the time being) 2013, up to € 64 million will be provided on an annual basis. Eligible for support are only those projects which, upon the expiry of the support programme, are able to survive on the market without any financial support.

The competitive conditions for individual transport modes vary due to national and European conditions, primarily with regard to energy taxation and the internalisation of CO₂ climate costs. For instance, in Germany the situation can be described as follows: the electrified rail transport is subject to both national energy taxation and European CO₂ emissions trading. The non-electrified rail and road transport are merely subject to the tax on oil and the eco tax. For air transport the opposite is true; as of 2012 it is subject to CO₂ emissions trading but not to energy taxation. Maritime transport must not render any tax payments, nor does it underlie CO₂ emissions trading. The resulting market distortions have long been criticised, for example by the German Bundesrat [cp. Printed paper 603/09].

Options for Influencing the Political Process

Rapporteur: Mathieu Grosch (EPP, BEL)

ASSESSMENT

Economic Impact Assessment

Ordoliberal Assessment

To start with, the concrete statements and targets regarding the transport sector made in the Report stand out positively from the Commission’s Communication on the future for transport, which contains only vague statements on tendencies and declarations of intent. However, the key statements and targets made in the Report must be seen in a critical light.

For instance, it is contradictory to declare the shifting of transport from the road to other transport modes “obsolete” while at the same time calling for the continuation – though in a “simplified” form – of the Marco Polo programme, which stipulates precisely this target. In fact, it would be much more consistent to promote the termination of this EU support programme, which is anyway questionable from an ordoliberal standpoint.

The policy of “effective comodality”, which is to replace the existing strategy of shifting transport, is not (yet) tangible enough to be assessed in detail. The basic principle is, however, that **the new concept of “effective comodality” aiming to avoid competition between transport modes is questionable from an ordoliberal point of view, since intermodal competition leads to an improved performance and lower prices for transport users.**

Intermodal transport competition, however, would require the same framework conditions for all; to date this is not the case. So instead of concluding – as the Report does – from the “current developments”, which are characterised by excessive regulatory distortions, that intermodal competition should be eliminated, it would be far preferable for the EU to take steps to establish equal competitive conditions for the individual transport modes. Yet, the Report does not address this issue.

The EU should refrain from setting up a “European transport fund” as propagated in the Report, **for** in the future, **the financing of the infrastructure** will be borne increasingly by the Member States and users. A European (co-)financing is only indicated for transnational projects with European added value, but for this **the funds of the TEN-T are already intended** [cp. [CEP Policy Brief](#)].

Impact on Efficiency and Individual Freedom of Choice

The Report is right in identifying the “decarbonisation” of transport as the biggest challenge for transport policy and **defines a CO₂ reduction target**. However, this is valid **for road transport only** and not for other transport modes. **This is inconsistent** and inefficient. **For CO₂ savings** from regulated transport modes **are**, at least in part, **undermined by the CO₂ emitted unrestrictedly by non-regulated transport modes**.

With CO₂ emission trading the EU is already using the most efficient instrument for achieving a politically prescribed CO₂ reduction target. The integration of *all* transport modes into CO₂ emissions trading is therefore desirable. In such a case, a CO₂ reduction target for the *overall* transport sector – as has often been discussed – would not even be necessary. For CO₂ prevention would be introduced and carried out cross-sector wherever it was cheapest. Nonetheless, in such a case existing environmental tax burdens, such as the eco tax, would have to be lifted so as to avoid double taxation and new competitive distortions. Besides, the CO₂ emissions caps would have to be lifted as the calculation of the existing caps does not take into account CO₂ emissions from the transport sector.

The EU should not set up a European road transport agency, for this would only increase administrative burdens without generating any added-value. Instead, it would be much better if the potential key aspects of such an agency’s activities, namely reviewing the correct implementation of European legislation and sanctioning possible infringements, were conducted by the Commission. Neither is “supporting” applications such as Galileo and IVS, or promoting projects beyond the scope of basic research the responsibility of public administration.

Legal Assessment

Legislative Competence

EU measures to pursue a common transport policy can be based on Art. 91 TFEU. Measures focusing on environmental policy can be based on Art. 192 TFEU. The legislative competence for the planning and construction of transport infrastructures is subject to the Member States. The EU may contribute solely to the establishment and expansion of TEN-T (Art. 170 – 172 TFEU).

Subsidiarity

The Report opens up a wide range of transport policy measures. Wherever they affect national urban transport without cross-border relevance they constitute an infringement of the principle of subsidiarity.

Proportionality

An exhaustive introduction of the railway system ERTMS might contribute to the opening of reserves in the existing rail network. According to current legislation, as of 2012, all rail vehicles ordered must be equipped with ERTMS [Decision by the Commission C (2009) 5607]. The proposed reduction of that deadline by one year is to be rejected due to the high introduction costs for ERTMS; in Germany, for instance, the costs for ERTMS are currently five times higher than those of the existing system equipment. This holds all the more true as the latest version of ERTMS (Baseline 3) will probably not be available before 2015. Also for equipping railway tracks with ERTMS, a plan was already set by the Decision C(2009) 5607. According to that plan, 40,000 track kilometres will be equipped with ERTMS by 2020. Further measures are currently not appropriate.

Compatibility with EU Law

The proposed financial support of rail and waterways transport without taking into account competitive criteria is inconsistent with applicable EU law. In fact, the EU may support projects financially if they target shifting cross-border freight transport from the road to short distance waterways, rail or inland waterways transport [Art. 1 of the Regulation (EC) No. 1692/2006, Marco-Polo-Programme]. However, these projects must not cause any “distortion of competition” [Recital 13 of the Regulation (EC) No. 1692/2006].

Alternative Policy Options

The European Parliament should advocate the inclusion of *all* transport modes into the CO₂ emissions trading system.

Possible Future EU Action

The European Parliament is expected to vote on the Report in June 2010.

Conclusion

The new concept of “effective comodality” is questionable from an ordoliberal point of view, as well as being harmful to economic efficiency, since it promotes the avoidance of competition between the different transport modes. Instead, the EU should take measures to ensure equal competitive conditions for all transport modes. The EU should stop defining CO₂ reduction targets for road transport only. Instead, all transport modes should be included in the CO₂ emissions trading system.