



UNION OF INDUSTRIAL AND EMPLOYERS' CONFEDERATIONS OF EUROPE

## **UNICE Memorandum to the European Institutions regarding EU Transport Policy**

### **1. Mission of UNICE regarding transport**

UNICE's mission regarding transport is to promote a European policy for efficient and sustainable mobility for people and goods. UNICE wants to ensure that the quality and competitiveness of Europe's transport systems and networks are constantly improved, which will be beneficial to the European economy.

### **2. Economic importance of transport in society**

The European Union transport services and transport-related sectors employ more than 9% of the European Union workforce (Source: European Commission, DG VII).

Transport services account for about 5% of European GDP. (Source: European Commission, DG VII).

General economic growth implies growth in transport.

There is a strong link between transport growth and economic integration in Europe including the enlargement of the European Union.

In addition, globalisation encourages the increase in transport volumes.

Transportation is an essential part of logistics. Efficient and cost-effective logistics is increasingly becoming a decisive factor of competition not only between companies but also regions, countries and trade blocs on the world market.

### **3. Influence of the transport system on the competitiveness of industries**

- As described in Annex I, European business and industry is restructuring logistical processes in order to be more globally competitive. Costs must be reduced and the service level to the customer must simultaneously be improved. For consumers this means in the end a better fulfilment of their requirements at lower prices. The fact that logistics costs represent 12 % of GDP in Europe and only 10 % of GDP in USA illustrates the strong European disadvantage that must be corrected .
- European business does not give general preference to any specific mode of transport. Business needs an integrated transport system in which all modes (road, rail, inland waterway navigation, air, coastal navigation) bring their different advantages into effect and compete on equal terms. Any discrimination between modes reduces the competitiveness of the ultimate customer.
- Countries and companies on the periphery of Europe will constantly have a distance handicap to overcome to reach the market and supply industry in the centre of Europe. A well developed transport infrastructure is a key factor for supporting competitiveness, in particular for these regions.
- Rapid extension of the transeuropean network (TEN-T) is needed not only for passenger transport but also for goods transportation in order to achieve better European cohesion.
- Any unjustified regulation, any excessive fiscal burden or missing infrastructure adds to the prices European and overseas customers have to pay.
- In particular, fiscal policies should not discriminate against transport as compared with other economic activities or one mode of transport as compared with the others.
- UNICE recommends a review of those existing regulations, which are preventing gains in efficiency and modernisation of the transport system, to see whether they are necessary (e.g. weekend driving bans, "old-for-new"arrangements in inland navigation, maximum payloads for trucks and so on).

### **4. Completing the Single Market**

The road sector is and will remain the dominant means of transport. For short distances business has few alternatives. Over long distances business would use other modes of transport more, provided that their services were more competitive in terms of flexibility, reliability and price. American and also some successful national European examples prove that, if properly organised, rail freight can compete well and do so on its own merits. The Single Market for transport services is almost non-existent in the rail sector and port services. Implementation of the Single Market in the rail sector is also a prerequisite for substantially increased use of intermodal transport and for stimulating competition between European ports.

- UNICE urges full implementation of the single market in transport through rapid dismantling of obstacles in the rail sector, port services as well as those remaining in air transport and inland navigation.

## 5. Moving towards Sustainable Development

Sustainable transport, with its economic, social and environmental dimensions, is a market driven key issue for European business. The way towards sustainable transport should be based on improved efficiency in the transport sector. The way forward includes co-operation between policy-makers, transport operators and business. It must be a common challenge to make all modes more sustainable in the future EU with growing transport volumes.

- UNICE recognises the need to reduce the growth of carbon dioxide (CO<sub>2</sub>) emissions from transport. Solutions to the CO<sub>2</sub> problem must be cost-efficient and have substantial environmental effectiveness, involving all countries and all sectors.
- Industry has long worked successfully on general technical progress in the field of vehicle fuel efficiency and is committed to continue the development of innovative solutions to improve transport efficiency, counteracting the negative impacts of transport growth.
- The voluntary agreement of the European Automobile Manufacturers Association (ACEA) is an instrument which we believe could serve as a precedent in order to improve vehicle fuel efficiency and consequently reduce CO<sub>2</sub> emissions.
- Best practice should be promoted in policy-making. Transport equipment manufacturers and fuel suppliers should be positively encouraged to continue improving environmental performance, safety and noise emissions from vehicles.
- EU strategy should firstly aim to reduce total transport costs to users and secondly not discriminate any means of transport through infrastructure charges. Revenues of a mode should be allocated to the infrastructure related to this mode. A more efficient European infrastructure should be available, contributing to less congestion and less environmental impact.
- Safety rules should be harmonised and enforced in the same way in all member states.

## 6. Conclusion

- EU transport policy must place more emphasis on satisfying the demand side, accepting that the driving forces for increased goods transport are related to improvements in competitiveness. Innovative approaches are required to deal with the sustainable mobility issues, which are in line with this need to satisfy the demand side more effectively.
- UNICE is willing to play an extended role as a partner in the process of defining a EU transport policy with economic rationality and sustainable mobility as its cornerstones. Such a policy, developed on a national and a European level, would at the same time promote economic growth, integration and cohesion not only in the EU but also in Europe as a whole.
- An efficient transport system is as indispensable for the European Economy as a strong monetary system and an effective communication system.

## **Annex I: Structural changes within European industry affecting transport**

European business and industry is restructuring in order to be more globally competitive. Costs must be reduced and the service level to the customer must simultaneously be improved. Location patterns are increasingly influenced by supply chain cost considerations.

Increased competition leads to decreasing profits per unit. One important measure for companies to counteract this is to strive to maximise the value added of each employee and of every investment made. Return on invested capital is therefore heavily focused and has become a key performance indicator for companies.

Efficient logistics aims at optimised return on invested capital. Faster movement from processing raw material to offering finished goods to the customer offers important benefits. Less stock, fewer warehouses, more efficient production processes and faster delivery to the final customer means less employed capital, closer contact with the market and generally improved global competitiveness, and creates better conditions for company growth. For consumers this means in the end better fulfilment of their requirements at lower prices.

Efficient logistics heavily affects industrial demand for transport services. Concepts such as Just In Time (JIT, i.e. all links in the logistical chain including deliveries from sub-suppliers are to be co-ordinated) and outsourcing (concentrating on core company issues, leaving to sub-suppliers all non core production if internal competitiveness is not superior to external) have been introduced in order to maximise the value added in each part of the industrial process.

Sourcing/distribution of goods and consequently goods transport is increasingly integrated in tailor-made logistics processes where transport is increasingly becoming customer-adapted and quality-oriented. Transport must be efficient, cost-effective, reliable, environment-friendly, frequent and fast. Another important requirement is that the movement of goods must be adapted for cross-border operations and also include modern IT systems in order to allow constant control and supervision of the logistics chain.

## **Annex II: Recent UNICE documents on EU transport policy**

- UNICE position paper on the High Level Group report on transport infrastructure charging (10 June 1999)
- UNICE position paper on the Commission's air transport and environment consultation paper (20 October 1998)
- UNICE press release "Rail transport: UNICE urges European governments to extend the Single Market to the rail sector" (28 September 1998)
- UNICE response to the second-stage consultation of social partners on sectors and activities excluded from working time directive (17 September 1998)
- UNICE position paper regarding a transparent system of harmonised rules for driving restrictions affecting heavy duty vehicles in international transport on Sundays and public holidays (10 February 1998)

**UNICE**

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**UNICE is**

- **the official voice of European Business and Industry vis-à-vis the EU institutions**
- **composed of 34 central industry and employers' federations from 26 European countries.**