

Ms Isabelle Durant  
President of the Council of  
Transport Ministers  
Rue de la Loi 63-65  
B-1040 Brussels

10 October 2001

Dear President,

With a view to the Transport Council Meeting on 15 and 16 October, UNICE is pleased to inform you of its preliminary views on the white paper "European Transport Policy for 2010: decision time". We have informed your colleague ministers through their respective Permanent Representations to the European Union.

While welcoming the Commission's attempt to progress towards a sustainable transport policy – an objective fully shared by business – UNICE nevertheless has strong reservations about the emphasis placed by the Commission on quantitative modal split targets and the use of taxes and charges to reach this sustainability objective. This is why we will focus on these two issues in this letter. In a later stage we will publish a position paper dealing with the full white paper.

Considering the idea of influencing transport prices - or "getting the price of transport right" - through charging for infrastructure and external costs, UNICE considers this can be defended on a purely theoretical level, but it has very serious concerns about its environmental and economic efficiency.

A first consideration is that price is far from being the only factor that transport users take into consideration when they choose a mode of transport. The aspects of punctuality and quality of service also play an extremely important role in these choices and therefore in the use of the various infrastructures available.

A second consideration is that there are many non-fiscal measures available, which are better equipped and currently under-used, to deal with environmental problems, for instance:

- drafting more stringent emission standards, in liaison with industry, and encouraging industry's efforts to innovate and invest to meet these standards;
- encouraging technological progress in other relevant areas (telematics, materials technologies, etc.);
- reactivating investment in infrastructures, elimination of bottlenecks;
- promoting standardisation of transport units and interoperability of networks;
- stimulating intermodal transport, short-sea shipping and inland waterway navigation, inter alia by promoting the use of performance indicators, both in relation to services and infrastructure;
- establish the necessary tools so that each company is able simply and operationally to register emissions in connection with freight transportation;

- injecting greater managerial and commercial dynamism into rail by further opening this sector to competition;
- promoting a better awareness of logistics among companies, contributing to more efficient transport.

Furthermore, UNICE objects to the conceptual framework within which the Commission proposes introducing charges for infrastructure and external costs, namely as a tool for reaching quantitative targets for modal split. The idea behind infrastructure pricing with equal treatment of transport modes, is to provide incentives geared at a more conscious use of transport (infrastructure), and stimulating the use of cleaner vehicles and fuels. Once such a system is introduced, market forces should be left to do what they are best at, optimising the rational use of vehicles and infrastructure. Nobody can predict the exact consequences of this for modal split, and it is therefore contradictory and unrealistic to fix quantitative targets in advance. Additionally, the combination of charging and modal split targets seems to imply the risk of a cost increase in transport, while logistics costs in the EU are already 20% higher than in the United States.

UNICE fully agrees that the use of non-road modes should be stimulated and play a bigger role, but considers that the priority measures to accomplish this are railway liberalisation, promotion of interoperability of networks, standardisation of transport units and more efficient logistics. Additionally, in order to effectively develop a sustainable transport policy, in UNICE's view the objectives should be defined in terms of reduced CO2 emissions, congestion, traffic casualties and urban problems (air pollution, congestion, etc.), and not in general modal split targets.

Nevertheless, UNICE acknowledges that within a different conceptual framework (i.e. without quantitative modal split targets) and under certain conditions (see below), charging for infrastructure and external costs could also contribute to the goals of a sustainable transport policy. IN UNICE's view, any proposal on charges for infrastructure (excluding congestion charges) and external costs should meet the following criteria:

1. Overall transport costs should not increase. More and more, global competition is between supply chains, and increased logistics costs can seriously damage European competitiveness.
2. Infrastructure charging should be introduced for all modes equally and at the same time. Competition within and between transport modes is the best way to improve service quality and optimise the transport system. A modal shift will only be feasible if the service levels of non-road modes live up to the quality expectations of the users.
3. As a general rule, the income generated by charging should be spent on the infrastructure of the mode where it was raised and on reducing the negative impact linked to the use of that mode, e.g. by providing fiscal incentives to make use of cleaner fuels and vehicles.
4. Exceptions to this rule (condition 3) should only be allowed for a limited number of situations. As an example we refer to the case of sensitive (e.g. Alpine) regions, where space for further infrastructure is very scarce and infrastructure is very expensive. These situations where cross-financing would be allowed need to be defined very clearly and restrictively.

5. Any legislative proposal should satisfy the test of sustainable impact assessment (taking into account the economic, social and environmental dimensions), as announced by the Commission in its Gothenburg communication (COM 2001 (264)).

We thank you for the consideration you may give to our views.

Yours sincerely,

*(Signed by Daniel Cloquet for)*

Daniela Israelachwili  
Acting Secretary General