

29 May 2015

Business' views on the future of transport in Europe

With this position paper, BUSINESSEUROPE sets out its views for the future of transport in Europe, also in the context of the ongoing public consultation towards the mid-term review of the European Commission's 2011 White Paper on Transport. It provides business' views on how to achieve more efficient, sustainable and cost-effective transport in Europe.

The Commission's 2011 White Paper is a roadmap to a Single European Transport Area, which was followed by a number of legislative proposals in the different modes of transport (i.e. road, rail, air, sea and inland waterways). BUSINESSEUROPE has taken a position on many of these proposals and stands ready to discuss these further.

KEY MESSAGES



- 1** Transport is a key pillar of the single market, allowing for the free movement of goods and people across borders. The cost and efficiency of transport services directly affect trade flows, mobility and the competitiveness of European companies.
- 2** Yet, companies are experiencing that Europe is not yet fully connected, which hampers business opportunities, fair competition and ultimately growth and job creation.
- 3** Ensuring sufficient investment in future and existing infrastructure is therefore essential, establishing a solid foundation for transport in Europe. Completing the Trans-European Transport Networks (TEN-T) is fundamental for more efficient transport and mobility.
- 4** It is also essential to remove remaining regulatory, administrative and technical barriers in all modes of transport and avoiding the introduction of new restrictions.
- 5** Considering the impact on European competitiveness, challenges linked to investment and increased demand need to be tackled decisively with a clear vision for the future of transport in Europe; making transport more sustainable and future-proof while ensuring cost-effectiveness.

KEY FACTS AND FIGURES

The transport industry itself directly employs around 11 million people and accounts for 5% of EU GDP.

Logistics, such as transport and storage, account for 10-15% of the cost of a finished product.



29 May 2015

BUSINESS' VIEWS ON THE FUTURE OF TRANSPORT IN EUROPE

BUSINESSEUROPE'S CONTRIBUTION TO THE MID-TERM REVIEW OF THE
COMMISSION 2011 WHITE PAPER ON TRANSPORT

1. The importance of transport for Europe

- Transport is a key pillar of the single market, allowing for the free movement of goods and people throughout Europe and across borders. It is a sector where Europe is still a world leader, in both manufacturing and transport operations. The transport industry itself accounts for about 5% of EU GDP (including postal and courier activities) and employs around 11 million people, but its positive spill-over effects are much greater. Transport infrastructure construction and concession companies also contribute significantly to both economic growth and job creation.
- Infrastructure networks should be seen as the veins of the EU economy and without them, trade would be impossible. In fact, the capacity of these networks determines the limits of trade. Creating integrated intermodal networks for freight and ensuring the free movement of goods throughout Europe is fundamental for growth. Furthermore, creating excellent connections for passengers is fundamental for the mobility of workers, students and citizens throughout Europe and therefore the creation of new jobs, opportunities and growth. Transport is fundamental for social cohesion and to bridge the gap between developed and less developed parts of Europe. In 2012, private households in the EU spent roughly 13% of their total consumption on transport-related items.
- The efficiency and affordability of the different modes of transport and the quality of the interconnections between these modes, directly affect trade flows and the competitiveness of European companies providing and using these services. Also, the compatibility and interoperability of national networks as well as logistics have a great impact on efficiency and therefore cost.
- Moreover, international accessibility through ports and airports is vital for securing European export and import flows to and from foreign markets. For these reasons it is essential to invest in the completion and better integration of transport infrastructure networks, maintenance and modernisation.
- Needless to say, the more efficient and cost-effective transport services are, the better it is for the EU economy. At the same time, however, companies are experiencing that Europe is not yet fully connected. Transport networks are not functioning optimally and interconnections especially across borders can be significantly improved. Shortcomings in terms of interoperability of the equipment and means of transport prevent transport and logistics from being effective and more efficient. Remaining regulatory, administrative and technical barriers in all modes of transport need to be removed.



- Furthermore, challenges linked to investment, increased demand, making transport more sustainable and future-proof while keeping it affordable need to be tackled decisively with a clear vision for the future of transport in Europe. Facilitating mobility is vital for growth and job creation, easing further integration and ensuring social inclusion, benefitting all Europeans. Therefore, transport should - as the fundamental basis for the single market - be set higher on the EU political agenda and be at the core of the Commission's work in the next years.
- In this context, BUSINESSEUROPE welcomes the mid-term review of the Commission's 2011 White Paper on Transport and sees it as a good and timely opportunity to adapt the EU's strategy for transport, logistics and mobility where needed.

2. Our assessment of the 2011 White Paper

- BUSINESSEUROPE supports the objectives of the White Paper to achieve sustainable (from an economic, social and environmental point of view) and more efficient transport, and to create a true Single European Transport Area by removing remaining regulatory, administrative and technical barriers in all modes of transport. We also welcomed the Commission's stance that "curbing mobility is not an option".
- The White Paper sets a target that by 2050 the transport sector reduces its greenhouse gas emissions by 60% compared with 1990. This target is very ambitious. Care is needed when tackling the environmental challenges in the transport sector without sacrificing efficiency and compromising mobility. It is crucial that EU policy incentivises (not penalises) industry to take the right steps forward to develop a more sustainable and competitive transport system. The right conditions should be created for the market to uptake those innovative technologies and fuels which have the potential for economic and environmental sustainability.
- With regard to the various set goals and benchmarks to achieve transport emissions reductions in the next decades, the lack of impact assessment and cost-benefit analysis remains a serious concern. It is fundamental to base any policy actions to achieve more sustainable transport in Europe on credible targets, scientific data, reliable facts and figures and comprehensive and transparent impact assessments with competitiveness proofing as a key component of them. An important element is to improve the collection and quality of transport statistics. An example is the current measuring of freight transport by tonne-kilometres, which can be misleading as measurements based solely on weight do not reflect the value of the goods transported and their true economic contribution. Other measures such as the value of the goods or cubic volume should be included.
- It has to be noted that transport has become more energy-efficient but in Europe the sector faces high costs for energy, also due to higher taxation in the EU than elsewhere. At the same time, the sector still depends on oil for 96% of its energy needs. Limitation of the tax burden, and market driven, cost-effective and sustainable diversification of fuels and sources of fuels, including novel technologies, are essential components for building a more sustainable transport system in Europe.



- When choosing the type of initiatives to reduce transport emissions, it is crucial to better take into account that the development of sustainable and affordable transport requires a mix of initiatives to work in combination with each other (e.g. liberalisation, connecting infrastructure networks, energy-efficient and cleaner transport, ICT solutions, smart logistics, simplifying administrative procedures, adequate logistics planning, elimination of barriers and restrictions, etc.).
- The outlined goal in the White Paper to shift 50% of road freight over 300 km to other modes by 2050 (with no cost-benefit analysis) contradicts with the principle of a market-oriented policy and undermines the vision to create a true single market for transport. Such a goal does not take into account geographical differences, types of products or the transport solutions available. Companies must have the flexibility to choose their preferred mode of transport. It is important that a so-called modal shift is not forced against the free market because it may lead to significant losses in cost efficiency and put the competitiveness of European companies in danger.
- Transport modes normally compete with each other, but should also be seen as complementary. In freight transport, the value of the goods is often the main criterion for the selection of the mode to be used. In a competitive economy, cost efficiency is an important factor in the choice of transport modes. The White Paper rightly states that co-modality is the right way forward and should be more strongly promoted. The focus should not be on shifting to other modes, but how to make each mode more efficient and better link the different modes.
- The environmental performance of the different modes of transport depends on a number of factors, such as geographical conditions, demography, general access to alternatives, its potential to utilise its capacity (which depends on the size and frequency of shipments), the need for loading and unloading (which depends on its door-to-door capability and on the need for storage and handling), the density of its network (which actually has a direct impact on transport distance), the source of energy used, share of empty runs and its energy needs and specific needs with respect to the type of commodity transported. Therefore, legislators should refrain from regulating with the aim to promote a specific means of transport. Common principles for the internalisation of external costs, taxation and environmental regulations should be applied where appropriate for all modes equally in order to optimise the whole logistic system.
- BUSINESSEUROPE continues to strongly support the Commission's objective to create a genuine Single European Transport Area by eliminating all residual barriers between modes and national systems, easing the process of integration and facilitating the emergence of multinational and multimodal operators. Yet, progress on some important dossiers that are key to the removal of obstacles such as the 4th Railway Package, creating a "Blue Belt" and Single European Sky project is slow or even stuck, which is worrying.
- BUSINESSEUROPE fully agrees with the Commission that the development of technological solutions and the better application of ICT, including intelligent transport systems will be essential to tackle the main challenges facing transport in Europe today. As the White Paper rightly states, transport research and innovation policy should support in a coherent way the development and deployment of the



key technologies needed to develop the EU transport system into a modern, efficient, sustainable and user-friendly system.

- When it comes to behaviour, BUSINESSEUROPE supports the Commission's stance that whilst new mobility concepts cannot be imposed, better mobility planning should be more widely encouraged.
- BUSINESSEUROPE believes the White Paper rightly emphasises the external dimension of transport and believes ensuring an international level-playing field is essential to secure global competitiveness of each transport segment. This also entails better market access, fair competition and building on international standards.

3. The way forward

The mid-term review of the 2011 White Paper should provide a solid basis for developing a clear vision for the future of transport in Europe, up to 2050. A renewed strategy should outline the right framework conditions accompanied by a comprehensive action plan for the short and medium-term with concrete proposals for all modes to reach set goals linked to improving efficiency, sustainability and triggering the much needed investment in transport.

BUSINESSEUROPE believes that future EU transport policy should include the following 15 ingredients:

- 1) **Further market opening:** Generally, market opening and thereby creating more competition has led to more efficiency, improved mobility and lower costs. Promoting open and transparent (cross-border) public tendering is essential in this respect.
- 2) **Improving energy efficiency:** Improve the performance of all means of transport across all modes, for instance through the increased efficiency of engines, penetration of alternatively fuelled vehicles and the market driven deployment of sustainable recharging / refueling points for alternative fuels, supported by an adequate funding framework that provides innovation incentives to achieve these goals.
- 3) **Reducing CO₂, nitrogen oxide, sulphur oxide and particular matter emissions through an integrated approach:** When choosing the type of initiatives to reduce transport emissions, take into account that the development of sustainable and affordable transport requires a mix of initiatives to work in combination with each other (e.g. liberalisation, connecting infrastructure networks, energy-efficient and cleaner transport, fleet renewal, ICT solutions, smart logistics, simplifying administrative procedures, adequate logistics planning, elimination of barriers and restrictions, etc.). Moreover, policy-makers should give greater attention to the care and promotion of natural and artificial sinks of greenhouse gases. Measures aiming at substantial increase of the withdrawal capacity from the atmosphere of such kind of gases should be established. Care should be taken as ill-designed climate policies could lead to trade-offs and result in higher pollutant emissions.



- 4) **Using existing transport infrastructure more efficiently:** Including by the use of the latest traffic management and logistic information systems, lifting remaining restrictions and addressing persistent barriers. National restrictions on mobility must be banned. Also, optimise the performance of multimodal logistic chains by promoting the use of the most efficient mode for each specific step in the transport process.
- 5) **Creating the right conditions for effective co-modality¹:** All modes of transport should be seen as complementary to each other, also when deciding about future investment projects. The foreseen overall increase in demand for transport services will have to be accommodated by all modes of transport. It is therefore crucial to increase efficiency in each mode, but also in combination.
- 6) **Investing in the networks of the future:** Investment in infrastructure should be increased, for instance via the Connecting Europe Facility (CEF) and the European Fund for Strategic Investments (EFSI) and take a more prominent place in policy-making. Ensuring high level public commitment in infrastructure investment, including sufficient funding at both EU and national level is crucial. However, European funds should not have any distorting effects on the market. Indeed, a market-based approach should remain the cornerstone of transport and energy infrastructure development. Furthermore, EU funds should be targeted at projects with significant European added value, such as cross-border projects. Regarding the maintenance of existing infrastructure, BUSINESSEUROPE calls for greater allocation of public funds and triggering private investment and - under certain conditions - supports the user-pays principle, always avoiding double taxation and as long as revenues are earmarked to the specific mode of transport where these additional fees are imposed, and when they are balanced, non-discriminatory and transparent. Investment in infrastructure should be mode-neutral based on efficiency.
- 7) **Making better use of smart logistics:** More focus on developing smart logistics and applying ICT solutions to improve transport efficiency. This includes the wider deployment of intelligent transport systems.
- 8) **Building on research and innovation:** Encourage research and innovation to focus on the progressive reduction of environmental impacts of transport, to realise economically viable alternative energy sources (2nd and 3rd generation biofuels, synthetic methane, hydrogen, etc.), more fuel efficiency and lower CO₂ emissions. The development and investment in new as well as in existing technologies must be defined in a technology- and fuel-neutral way. Funding to bring low-carbon technologies forward is crucial in this regard and the European Investment Bank should play a bigger role here. At the same time, care must be taken not to direct resources into specific technologies too early and picking a “winner” at an early stage. Consequently, EU policy should aim for creating EU industrial leadership in energy efficiency and economically sustainable alternative transport technologies. Moreover, investing in research and innovation to achieve safer and smarter infrastructure networks is essential. Horizon 2020 and the related joint undertakings such as Sesar, Clean Sky II and the Fuel Cells and Hydrogen Joint Technology Initiative are also drivers to make producers and transport undertakings in these

¹ Co-modality refers to the efficient use of different modes on their own and in combination, which will result in an optimal and sustainable utilisation of resources.



fields invest together in tomorrow's vehicles, services, infrastructures and ICT solutions for transport.

- 9) **Fostering a skilled workforce:** Transport relies on a workforce that employers can deploy flexibly and with the necessary skills - acquired through a new training culture to manage increasingly complex legal, operational and safety-related requirements. This is only possible with a well-balanced regulatory framework, sufficient to protect employees but not so inflexible as to make the industry less attractive to drivers or companies less able to offer jobs. This is necessary for creating a competitive Single European Transport Area.
- 10) **Guaranteeing minimum safety standards:** Safety is essential for all modes of transport and minimum standards and requirements should be upheld throughout Europe.
- 11) **Establishing coherent passenger rights:** General minimum passenger rights for all transport modes should be promoted to avoid the current patchwork of different level of passenger rights in the different modes that leads to legal uncertainty and additional costs.
- 12) **Designing smart regulation:** Rather than introducing new EU rules for every transport challenge, greater emphasis should be put on better implementation and application of existing legislation, genuine stakeholder involvement and evidence-based policy-making through comprehensive impact assessments. The same applies to the revision of existing legislation. Focus should also be put on creating high quality, understandable and controllable legislation that safeguards the predictability for industry.
- 13) **Ensuring uniform implementation and strong enforcement:** The creation of a genuine Single European Transport Area will not be possible without common interpretation and high quality implementation of EU legislation by Member States. Common controls and sharing of best practices in enforcement across Europe will support the regulatory framework, safety and provide legal certainty.
- 14) **Improving global competitiveness:** Ensuring an international level-playing field is essential to secure global competitiveness of each transport segment. This also entails better market access, fair competition and building on international standards. EU rules should not go beyond international agreements e.g. for aviation and maritime.
- 15) **Ensuring better coordination at EU level:** Looking back at the last few years, there is a strong need for a more coherent European strategy for transport in Europe. We have seen that the main issues affecting transport are dealt with by different European Commissioners and Directorates General. The result was that policies often do not converge and are sometimes even at odds. There is a need for better coordination and cooperation at EU level fostering a result-oriented approach based on ambitious, but realistic targets. BUSINESSEUROPE hopes that the new structure of the Juncker Commission will ensure better coordination and streamlining of EU policies based on better regulation principles.



4. Specific comments – for all modes of transport

4.1. Road transport

- In the area of road transport, BUSINESSEUROPE is concerned about recent developments in a number of EU countries resulting in new obstacles to international transport operations, considerably affecting free movement. Such national measures not only have a disruptive impact on the transport sector, but on the free movement of goods and services as such, going against the principles of the single market as set out by the EU Treaties. Examples of recent national measures that have led to new obstacles are the French and Belgian laws on resting times for truck drivers, the new German minimum wage law affecting transport operations in various modes and the introduction of the EKAER anti-fraud system in Hungary. We urge the Commission, as the guardian of the single market, to look carefully into the above issues, which illustrate a worrying trend of disruptive national developments.²
- Moreover, the internal market for road is not yet fully complete, obstructing efficiency and environmental objectives. For example, weekend or inner city driving bans or overly burdensome customs procedures in some Member States can hamper a well-functioning internal market, leading to long traffic jams at borders. Intelligent transport systems should play a major role to increase the efficiency of road use, improve safety and enhance the environmental performance of vehicles.
- Cost-effective and sustainable diversification of fuels, including alternative fuels, is an essential component for building a more sustainable transport system in Europe. The Directive 2014/94/EU on the deployment of alternative fuels infrastructure provides a good foundation introducing common standards which must be swiftly implemented by the Member States and closely monitored by the Commission. It is important to provide a positive signal to national authorities and investors. The EU should support a market driven approach for putting in place refuelling infrastructure as it is much more likely to select the most economically and environmentally sustainable options.
- The removal of remaining restrictions on cabotage (allowing transport companies established in one EU country to carry goods within another Member State) in the medium-term could contribute to increasing efficiency and reducing the number of empty journeys. This includes the removal of national restrictions that are in conflict with EU law, introducing accompanying measures in the social and fiscal area where appropriate, as well as ensuring better enforcement.
- Despite the recent final agreement on the maximum weights and dimensions of trucks where this issue was unfortunately left out, the Commission must make it very clear that following the 2012 Kallas' guidelines, cross-border movements of larger and / or heavier trucks are allowed if, when and where competent authorities on both sides of the border agree on the conditions. This concerns for example specific requirements for the vehicle, routes, infrastructure or the driver in order to

² For more info: BUSINESSEUROPE's [letter](#) on developments in road transport of 17 February 2015.



assure an adequate level of safety, as well as compatibility with combined transport, etc.

- If the Commission would consider that there is a case for putting in place a European framework for electronic interoperable distance-based charging of road infrastructure, it should be fair, simple, transparent and non-discriminatory, ensuring a level-playing field with other modes of transport. Double taxation for users should always be avoided and revenues would need to be earmarked to the specific mode of transport where these fees were imposed.
- In the above context, BUSINESSEUROPE looks forward to the “Road Package” that the Commission has announced for early 2016 that will aim to address a number of challenges for road freight and passenger transport in Europe, relating to road charging, social aspects, market access, the enforcement of existing rules and the international dimension of road transport. The package should contribute to removing remaining obstacles to free movement and mobility, provide additional transparency where needed and strengthen the enforcement of current EU rules in this sector to support growth and enhance European competitiveness.

4.2. Rail transport

- In order to establish a Single European Railway Area as envisaged in the Commission’s 2011 White Paper on Transport, regulatory and technical barriers to entry, market failures and burdensome administrative procedures in the rail sector need to be addressed decisively.
- BUSINESSEUROPE generally supports the 4th Railway Package as it contains important proposals to improve quality, provide more choice and reduce costs of railway services in Europe. Moreover, it can contribute towards a better functioning and more competitive single market.
- BUSINESSEUROPE fully supports the opening up of passenger services to new entrants from 2019, both in commercial services, such as high speed, and public service obligations. It should become possible for several railway undertakings to operate and compete on the same national lines. More competition will lead to lower prices for customers and lower costs for the rail industry, more efficiency, promote innovation and improve quality. When removing remaining barriers and further opening up to competition, it is fundamental to also ensure a level-playing field between Member States during the transitional period until the EU market is fully liberalised. This is necessary to avoid a distortion of competition between railway operators. It is also important to consider this vis-à-vis companies coming from outside Europe.
- Therefore, BUSINESSEUROPE calls on Members of the Transport Council to make further progress on the “market pillar” of the 4th Railway Package, including on important elements such as governance, opening up to competition, the award of public services contracts and transitional periods. Also, an ambitious agreement on the “technical pillar” of the package is fundamental to increase economies of scale for railway undertakings and rail suppliers and reduce administrative costs,



introducing EU-wide standards. It will also help to avoid discrimination and speed up existing procedures.³

- We stress again that better implementation of former Railway Packages is fundamental to address many of the outstanding challenges, such as diverse national requirements and to ensure access of foreign rail freight providers to national networks, as well full implementation of the interoperability and safety Directives.
- Improving rail (freight and passenger) services throughout Europe also requires increased and continuous investments in infrastructure. Yet, we observe declining state expenditure on rail infrastructure as a result of the growing pressure to consolidate public sector budgets which jeopardises the maintenance of existing infrastructure. Therefore, it is crucial to trigger private investment and ensure that sufficient resources under the umbrella of the Connecting Europe Facility (CEF) or through the European Fund for Strategic Investments (EFSI) are allocated to investments in rail infrastructure, as well as infrastructure for other modes. The completion of the nine rail freight corridors as part of the TEN-T core network is of great importance. For the competitiveness and sustainability of the rail sector, it is also essential to have good connections with the ports and airports but also with the hinterland via inland waterways and highways.
- The proposal for a Regulation on European Fund for Strategic Investments (EFSI) might be an extraordinary opportunity for the deployment of large scale technological projects with European added value in the railway sector such as the European Rail Traffic Management System (ERTMS), in line with the competitiveness objective of the 4th Railway Package.
- As with longer and heavier vehicles, BUSINESSEUROPE welcomes the debates on the deployment of longer freight trains and encourages Member States where they agree to allow border crossings of such vehicles and to provide the necessary legal certainty. The aim must also be to continue to guarantee the compatibility of combining road and rail.

4.3. Air transport

- Aviation in Europe supports more than 5 million jobs and contributes about 2.5% to European GDP. Despite the difficult economic times, global air transport over the long term is expected to grow by around 5% annually until 2030.
- However, this growth is foreseen in particular for other parts of the world, such as Asia or the Middle East. BUSINESSEUROPE shares the Commission's observations concerning the increasing difficulties for the European aviation sector mainly due to fierce international competition outlined in its 2012 Communication on external aviation policy. At the moment, many Europe-based companies are at a competitive disadvantage as their production costs are higher than those of international competitors. Therefore, it is of utmost importance to avoid any additional fiscal and regulatory burden that will increase unit costs

³ For more info: BUSINESSEUROPE's May 2015 [Position Paper](#) on the 4th Railway Package.



disproportionately more for European companies than for international competitors. There is a need for an international level-playing field. At the same time, it is important to create an attractive investment climate to support European airlines.

- Despite these forecasts, the Commission still estimates that there will be 14.4 million flights by 2035 in Europe, 50% more than in 2012. Therefore, effective coordination and management of European airspace is key to ensure the safe and cost-efficient flow of air traffic, thereby minimising fuel usage and costs, carbon emissions and flying times.
- However, despite previous single sky packages, European airspace remains fragmented in practice, also due to the lack of implementation of these packages. At a time when European airlines are already facing tough global competition, current inefficiencies bring extra costs of close to €5 billion a year. It adds 42 km to the distance of an average flight forcing aircrafts to burn more fuel, generate more emissions, pay more in costly user charges and suffer greater delays. For comparison, the United States controls the same amount of airspace, with more traffic, at almost half the cost.
- In this context, BUSINESSEUROPE principally supports the Single European Sky and the Single European Sky 2+ Package⁴ as proposed by the Commission. The package can further reform Europe's air traffic control system to make it more efficient and future-proof. This is not only important for airports and airlines, but also for the wider economy and European companies and citizens as users of air transport services. In this regard, BUSINESSEUROPE regrets to observe that the Commission proposals were watered down during the Council discussions and that much more flexibility was introduced by the Member States to restrict proposed competition for support services and limit the impact of performance criteria. BUSINESSEUROPE will continue to support the line taken by the Parliament on this file, which reflects much better the needs of industry while taking a realistic approach to national political constraints. We urge policy-makers to reach a final agreement on the package quickly.
- Swift agreement, further optimisation and sound implementation of the previous Single Sky Packages and the Single European Sky 2+ Package is fundamental to strengthen European coordination of airspace management in order to maximise the airspace available whilst optimising its use and safety and to make the European economy more competitive in the global market context, also to the benefit of the environment.
- BUSINESSEUROPE supports the Commission's assumption, that the application of different regulative and fiscal EU and Member State policies on the aviation sector does have a detrimental effect on the internal market and on the competitiveness of EU-based aviation companies. The Commission should push Member States to adjust or repeal unilateral EU provisions and to urge Member States to act accordingly with regard to unilateral national provisions that distort competition. The Commission should also state that in aviation the user-pays-principle has been established already. In any case, double charging is to be avoided.

⁴ For more info: BUSINESSEUROPE's November 2013 [Position Paper](#) on the Single European Sky 2+ Package.



- The ultimate goal is to promote worldwide freedom of air services and investment in the framework of a level-playing field. Progress towards this objective can be achieved either through bilateral or multilateral negotiations, which favour market needs. This can only be achieved if Member States show serious political commitment.
- It is imperative that the European policy-makers provide a regulatory Air Traffic Management (ATM) framework that is able to link to other international systems - notably the US NextGen system - to promote and maintain fair competition between airlines of different countries, not only within the EU, but also on a global scale.
- Ensuring balanced and fair passenger rights is a key aspect for retaining competitiveness while guaranteeing high quality service. At the same time, airlines should not be overly burdened by circumstances created beyond their control, such as service disruptions caused by the 2010 ash cloud or extreme weather events.
- While a high level of security should be guaranteed to create certainty and safety for transport and logistics operations across Europe, there is certainly room for streamlining and simplifying certain security procedures concerning passengers and air freight to increase efficiency and lower costs. Any additional security measure should be based on an impact assessment ensuring that these measures bring a real added value to security, while facilitating a seamless flow of passenger and freight in a cost-effective manner.
- In the light of the above, BUSINESSEUROPE looks forward to the “*Aviation Package*” that the Commission has announced for the end of 2015 to clearly outline the challenges and present measures for improving the competitiveness of the EU aviation sector. Through this package, the EU also needs to address the foreseen airport capacity crunch with the rise in demand for air transport by formulating a coherent airport strategy. Also, efforts to ensure better connectivity between airports, the hinterland and other transport networks need to be strengthened.

4.4. Maritime, inland waterways and ports policy

- BUSINESSEUROPE wants an EU maritime policy that develops more attractive, safe, efficient and sustainable quality shipping, further opens maritime markets and ensures access to cargoes without restraints.⁵
- BUSINESSEUROPE generally supports the current approach of the European Commission on maritime policy which was outlined in its Communication of January 2009 and of May 2013, which reviews the European port policy and presents additional actions to further unlock the potential of EU ports. The Commission rightly puts more focus on the connection of TEN-T ports with railway lines, roads, and where possible, inland waterways, in particular in the governance of corridors. Yet, we would like to see faster quality implementation of already agreed EU initiatives. Strong enforcement of existing rules is fundamental to create fair

⁵ For more info: BUSINESSEUROPE's May 2015 [Position Paper](#) on EU maritime, inland waterways and ports policy.



competition and foster innovation in a stable and predictable framework that triggers investment.

- It is also important to reduce administrative burdens in the maritime sector, for instance in relation to customs, where existing rules should be equally and strongly enforced in all EU ports. Simplified procedures should be applied in all ports and the Directive on the Union Legal Framework for Customs Infringements and Sanctions should be amended in line with business interests and adopted soon thereafter. For short sea shipping, it is important to continue to simplify and remove administrative barriers also in terms of duplicated cross-border controls and the lack of harmonised documents. Therefore, we still strongly support the development of a “Blue Belt” in the seas around Europe to simplify the formalities for ships travelling between EU ports. We regret that this proposal has already been blocked for many months and ask the Commission to come with a renewed proposal to make progress in this respect. We moreover regret that the divergent implementation of the Reporting Formalities Directive currently taking place will result in the opposite of its initial aim of simplification. With the same aim, we support the establishing of common EU rules on conditions and procedures for granting pilot exemption certificates for ships frequently using the same ports.
- It is important to take a balanced approach towards more sustainable maritime services. Regarding sulphur content in maritime fuels and reduction of emissions, BUSINESSEUROPE supports the objective and industry is making significant efforts to reduce emission from shipping. However, the right balance between environmental and economic benefits needs to be struck. In the current economic situation, the EU should avoid to confront industries with huge new challenges, weakening their competitiveness. It is essential that the EU aims to find global solutions that provide a level-playing field for European industries in the international arena and does not accept regionally discriminatory standards.
- The shipping industry is facing increasingly fierce competition from third countries, especially by shipping centres in Asia. To be more competitive, we need to remove administrative burdens, streamline procedures, foster innovation and trigger investment. It also entails striving for balanced environmental requirements. The EU and its Member States also need to intensify efforts at bilateral, plurilateral and international level to ensure open access to markets and further liberalise trade in maritime services. This should be done through ambitious trade agreements. BUSINESSEUROPE therefore calls to conclude an ambitious chapter on shipping in the current Trade in Services Agreement (TiSa) and Transatlantic Trade and Investment Partnership (TTIP) negotiations. EU rules for international shipping should remain fully consistent with International Maritime Organization (IMO) standards and requirements to avoid distortions of competition. A reliable regulatory framework will give the European shipping industry the planning certainty it needs.
- Further digitalisation linked to administrative simplification and streamlining of operational procedures will greatly benefit maritime transport, for instance by promoting initiatives such as the Blue Belt (or similar initiatives with the same aim) and related e-Maritime and e-Freight services. There is still untapped potential in freight and container tracking. Technical possibilities such as GPS and RFID are only used to a restricted extent here. A dynamic tracking and tracing system (RIS) with Europe-wide technical standards would allow for a better management of



cargo flows and increase the transparency and response possibilities of sea shippers.

- BUSINESSEUROPE supports efforts to open port services to competition and enhance maritime and port security and strict application of competition rules to maritime transport must continue. European ports need to be well-connected, efficient and reliable while offering the needed transparency in terms of port funding. To increase the transport of goods by sea, the role of ports and their hinterland connections should be given high priority not least when new infrastructure is being built. Strategic allocation of EU and national funding is essential here. It is important to ensure fair competition between ports. Strong enforcement of existing competition rules and EU legislation on ports is fundamental in this respect.
- Inland waterways have to play an increasing role in particular in moving goods to the hinterland and in linking the European seas. With increasing freight volumes in maritime transport and limited capacities on road and rail, it is important to tap this potential more strongly than hitherto. Therefore, it is crucial to better link sea and inland ports with each other. Of central importance is efficient processing of inland ships in sea ports whose terminals have in the past been mainly specialised in larger sea vessels. The result is that processing costs in sea ports can be around 40% of total transport costs for hinterland traffic on inland ships. To increase the efficiency of inland ship transshipment. It should be examined how much the construction of special inland ship terminals can help to make water-borne transport more competitive also financially. It is important not to add any additional burdens on inland navigation with national levies for the use of rivers and canals. These would make this transport mode more expensive and less attractive for the sea shipping sector.

4.5. Public transport

- High quality, affordable and efficient public transport services are of fundamental importance for the mobility and inclusion of European citizens, as well as for the competitiveness of businesses as users of these services. Yet, the economic downturn has put a huge pressure on public financing. In addition, challenges linked to climate change and energy security, as well as societal challenges such as an ageing and more demanding population are making it more difficult for public authorities to deliver high quality and affordable public transport services.
- In this context, BUSINESSEUROPE believes in stronger cooperation between the public and private sectors in the delivery of these services, for instance through the setting-up of public-private partnerships (PPPs) or outsourcing via public tenders. The private sector can often offer better value for money, enforceable quality standards, wider choice, innovative solutions, and relieve pressure on public budgets through new sources of financing and risk allocation.
- Therefore, we call on public authorities to engage in stronger cooperation with the private sector in the delivery of high quality public transport services, by facilitating the setting up of PPP structures and offering better training to public officials on public tendering. We need to foster a culture for better cooperation. Investing in



public transport is also important to fight congestion in urban areas supported by smart logistics solutions.

5. Financing infrastructure and triggering investment

- Investment - and investment in key infrastructure in particular - is fundamental for long term sustainable growth and job creation. With investment as a share of GDP in Europe at its lowest level in 20 years, BUSINESSEUROPE welcomes the fact that the new Commission has made raising EU investment its first priority, publishing an EU investment plan in November 2014. Whilst it will not alone solve Europe's investment challenge, the European Fund for Strategic Investment (EFSI) is nevertheless an important step forward. We support the principle of using a small amount of public funds to leverage private-sector provision as we believe this can be a successful way to ensure that we identify and choose high risks projects that drive productivity and growth.
- It should be an absolute priority to complete the Trans-European Transport Network (TEN-T) which connects Europe and establishes a core network of nodes and links of the highest strategic and economic importance, based on population density. Establishing proper interconnections between the main European ports and airports to other networks is crucial for business. The new TEN-T Guidelines approved in 2013, outline the right priorities for its completion, in particular by pushing for development of a real integrated core network, setting deadlines and streamlining key projects, and by ensuring better connections between core network corridors.
- According to calculations by the Commission, 250 billion euro will have to be invested in the EU transport infrastructure alone to remove remaining bottlenecks and remedy missing links in the core TEN-T network. The current EU financial framework - and probably less with EFSI - envisages a mere 26 billion euro for the period 2014 – 2020 an adequate allocation of resources for the Connecting Europe Facility (CEF) should be ensured for the next financing period after 2020. Nevertheless, for much of the financing of infrastructure, Europe relies on the investments done by Member States and private parties.
- In this context, BUSINESSEUROPE regrets to observe that most TEN-T projects are delayed and that the network is still far from complete. National governments need to show stronger commitment, especially as the vast majority of the TEN-T is funded at national level. At the same time, we call on the Commission to increase efforts in terms of assistance and oversight to ensure progress on these key infrastructure projects.
- Of course, a well-performing transport network requires substantial resources. Therefore, BUSINESSEUROPE continues to promote the deployment of public-private partnerships (PPPs) for the maintenance, construction and operation of European infrastructure. PPPs can offer new sources of financing, balanced risk allocation, efficiency, cost-effectiveness and innovative solutions for a great number of transport projects. It should also be possible to combine different financial instruments, such as project bonds and other European Investment Bank related schemes to support successful PPP structures.



6. Logistics and urban mobility

- Industrial competitiveness also depends on using transport and infrastructure more efficiently, for instance through better use of improved traffic management and information systems and more advanced and cost-effective logistics. Logistics costs, including transport and storage, currently represent between 10 and 15% of the cost of finished goods for European companies.
- ICT and intelligent transport systems have a key role to play in better use of smart logistics and improving urban mobility (e.g. mobility management, parking management, intermodal connections). In general, the deployment of intelligent traffic systems within smarter cities and along the roads would increase efficiency, improve safety and contribute to less CO2 emissions.
- When it comes to behaviour, we believe that while new mobility concepts should not be imposed, better mobility planning should be more widely encouraged.
- It should be ensured that the major European urban centres are accessible and easily reached at any given time. Local authorities are currently implementing an array of mainly non-harmonised measures, which are increasingly creating difficulties for both local and international business. Existing and planned measures should be reassessed to ensure that they are based on objective criteria, are fair and justified.
- With current demand for transport and urban areas suffering under congestion and efficiency losses, Europe should encourage best-practice sharing, such as the use of priority lanes and arrange proper interconnections between modes to ensure use of the most efficient transport mode for each part of the voyage.

7. The international dimension

- International accessibility is necessary to secure the European export to foreign markets and for Europe to stay competitive. Aviation and sea freights as well as well-functioning ports and airports are crucial in this regard.
- Ensuring an international level-playing field is essential to secure global competitiveness of each transport segment. This also entails better market access, fair competition and building on international standards.
- Free and undistorted competition and the further opening of transport markets should be promoted in all relevant international negotiations, for instance in the current Transatlantic Trade and Investment Partnership (TTIP) talks with the USA and Free Trade Agreement (FTA) negotiations with Japan.
- All EU FTAs should include ambitious and forward looking chapters, on services, public procurement and investment. FTA's should also be carefully assessed with regard to individual and cumulative impacts.



- Internationally recognised safety, security and environmental standards should be promoted worldwide insofar as possible to boost integration and foster market access and trade:
 - In the railway sector for example, European companies often face difficulties in accessing the light rail sector in foreign countries because of diverging standards. For instance in the US, European and international standards (IEC, ISO) differ from American ones (ANSI) and are not recognised by American certification agencies. In Japan there are still a number of exemptions and derogations of GPA rules, such as Japan's "operational safety clause", preventing effective market access for European companies.
 - In the road sector, a very important element is the need for a regulatory approach on a worldwide basis. Regulatory and technical standards, tests methods and procedures differ from market to market. This wide variety of regulatory concepts leads to additional costs for the industries. Common regulatory approaches and a globally accepted legislative framework would bring benefits to the industries and enhance the competitiveness of the EU economy.
- There is a need to tackle obstacles related to domestic preferences. A clear example is the Jones Act in the US. Under the Jones Act, European companies are not allowed to participate in US public tenders on maritime services. This means that dredging works in the territorial waters of the USA are by law exclusively reserved to US dredgers / vessels or vessels controlled at least by 75% US ownership (US citizens and/or US companies), are US built and manned by US crews. Likewise, under this Act, European contractors are not allowed to build offshore wind farms using floating marine equipment such as jack-up rigs and to transport equipment for the installation of offshore infrastructures. The Jones Act also requires that all waterborne shipping between US ports is carried out by vessels built in the US, which also have to be owned, registered and operated by Americans. The European shipbuilding industry has therefore been effectively excluded from selling vessels to be used in American coastwise trades. Lifting the Jones Act (or ensuring that it is not applicable to European companies) would have tremendous economic benefits for EU companies.
- European airlines and airports compete in a global market. BUSINESSEUROPE therefore advocates a global approach to address aviation's climate impact as part of a broader package including new technology, more efficient operations and better use of infrastructure.
- Effective solutions for climate protection in air transport can only be brought about globally. BUSINESSEUROPE believes that an EU Emissions Trading System (ETS) should not put European airlines at a competitive disadvantage and hamper the progress at the International Civil Aviation Organisation (ICAO) towards a global agreement on reducing emissions from international aviation. Therefore, the only way to ensure the competitiveness of the European air transport industry is an ICAO-led solution. Only in this regard an international level-playing field for aviation can be established. This is where the EU must provide the momentum. In autumn 2013 the ICAO agreed that by 2016 global market-based measures for lower CO₂ emissions in aviation are to be concluded which will then come into force from 2020



onwards. This is significant progress. Pressing ahead with solutions in the ICAO is the right approach for climate and competition policy.

- EU rules for international shipping should remain fully consistent with International Maritime Organization (IMO) standards and requirements to avoid distortion of competition. A reliable regulatory framework will give the European shipping industry the planning certainty it needs.

* * *