BUSINESSEUROPE

POSITION PAPER

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Road transport in the single market - identifying challenges and the way forward

This position paper constitutes BusinessEurope's response to four recent and ongoing Commission public consultations in the area of road transport in the single market, namely on:

- The review of Regulation 1071/2009/EC on access to the occupation of road transport operator and Regulation 1072/2009/EC on access to the international road haulage market;
- The review of Directive 1999/62/EC ('Eurovignette Directive') as amended, on the charging of heavy goods vehicles for the use of certain roads;
- The review of Directive 2004/52/EC and Decision 2009/750/EC on the European Electronic Toll Services (EETS); and,
- The enhancement of social legislation in road transport.

Besides responding to the issues raised by the public consultations, this position paper outlines other remaining administrative, technical and regulatory barriers and challenges that hamper cross-border road transport operations and directly affect the competitiveness of European transport and logistics companies and the EU economy as a whole. With this paper, we also aim to point the way towards finding solutions for the identified challenges.

KEY MESSAGES

1 BusinessEurope is concerned about recent developments in a number of EU countries resulting in new obstacles to international transport operations, which are considerably affecting free movement in the single market.

2 Road transport is one of the most heavily regulated sectors in the EU. For specific existing pieces of legislation (indicated below), further clarification, guidance or revision to make rules simpler, more transparent, clearer, and therefore more easily enforceable would greatly help transport operators, logistics companies and business in general.

3 Diverse interpretation by Member States, incomplete implementation, incorrect application and weak enforcement of existing rules are the main causes for the challenges for and obstacles to road transport in the single market.

4 To promote fair competition, the policy focus should be on fighting illegal practices such as undeclared work and bogus self-employment. Enforcement of current rules should be the priority.

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ROAD TRANSPORT IN THE SINGLE MARKET

IDENTIFYING CHALLENGES AND THE WAY FORWARD

Introduction - road transport in Europe

1. Transport is a key pillar of the single market, allowing for the free movement of goods, services, workers and citizens across borders. The efficiency and quality of our transport networks have a direct impact on cost and mobility, and therefore on trade flows and the competitiveness of Europe as a whole. Yet, many transport and logistics companies, but also businesses as end-users, are facing persistent barriers to cross-border road transport and in some parts of Europe new obstacles, often stemming from recent measures taken at national, regional or local level. Moreover, some parts of Europe are not yet fully connected, which hampers business opportunities, fair competition and ultimately growth and job creation.

2. In this context, BusinessEurope urges the European Institutions to decisively address the outstanding issues and challenges for road freight and passenger transport in the single market, for example relating to road charging and maintenance, social aspects, road safety, market access, the enforcement of existing rules and issues linked to the international dimension of road transport. Remaining and new obstacles have a direct and lasting negative impact on economic performance and hamper mobility. Simpler and more easily enforceable rules would offer solutions in many areas. Moreover, targeted and stronger Commission action to enforce the rules is often needed, for instance through quicker, transparent and more strategic EU pilots and infringement procedures.

3. BusinessEurope is particularly concerned about recent developments in a number of Member States resulting in new obstacles to international road 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 recent French and Belgian laws on resting times for truck drivers, the German, French and Norwegian minimum wage laws and provisions affecting transport operations in various modes, Danish legislation on market access, and the introduction of the EKAER anti-fraud system in Hungary. We urge the Commission, as the guardian of the Treaties and the single market, to identify and address these new obstacles, which illustrate a worrying trend of disruptive national developments.

4. Moreover, sufficient investments in future and existing infrastructure are needed to realise improved interoperability of national transport networks and to facilitate the emergence of multinational and multimodal operators. Better application of smart logistics and ICT solutions to improve road safety and increase efficiency are also crucial in this respect. This includes better use and wider deployment of intelligent transport systems. This position paper aims to contribute to identifying remaining challenges and point to the way forward for more efficient, better-connected, modern and sustainable road transport networks in Europe.

Specific comments - cross-border road transport in Europe

A European framework for electronic interoperable distance and/or market-based road charging (Review of Directive 1999/62/EC and Directive 2004/52/EC and Decision 2009/750/EC on EETS)

5. The demand for transport via road is expected to increase in the next decades, which will challenge Europe to invest more for the development of new and smart infrastructures and proper maintenance of existing networks that supports trade flows. The Commission has estimated that 1.5 trillion euro over the next 20 years is the minimum investment needed to keep pace with the expected increase in transport demand. To complete the core Trans-European Transport Networks (TEN-T) alone about 500 billion euro is needed by 2020. Without these strategic investments Europe will progressively lose ground and its efficient transport infrastructure that is the foundation for the single market and long-term economic growth.

6. At the same time, public spending on infrastructure has dropped since the 1970s. As a result, investment in new and smart infrastructure is lagging behind in most Member States and the level of financing is often insufficient to properly maintain the existing infrastructure and road maintenance deficits are growing in most Member States even though road transport is relatively heavily taxed in many Member States.

7. Also in the light of a growing patchwork of national systems, BusinessEurope believes there could be a case for creating a modern European framework for electronic interoperable distance and/or market-based charging for the use of road infrastructure, under certain conditions. Charging should be fair, simple and transparent and non-discriminatory, ensuring a level-playing field with other modes of transport.

8. Despite some harmonisation effects of EU legislation, such as the Directive 1999/62/EC ("Eurovignette" Directive) and Directive 2004/52/EC ("EETS" Directive), Member States have put in place different models of road charging systems that are often not interoperable. The lack of harmonisation of charges such as vignettes or tolls and the different collecting technologies result in additional administrative burdens and extra costs for transport and logistics companies. This patchwork of national systems is likely to grow with more Member States putting in place different forms of road charging. Interoperability is a basic principle that should define a well-functioning road charging system. There are no common European vehicle regulations, facilitating easy cross-border road transport. This major hurdle forces transport operators to have five or more different transponders behind their windscreen. The strength of the original Eurovignette scheme was based on the interoperability of the system. The collection systems must be as interoperable as possible, given that two technologies are allowed (DSRC and GPS/GSM), using common interfaces and sharing as much equipment (boxes, connectors, display, etc.) or using connected devices already present in vehicles as possible to deliver a low-cost solution.

9. Unlike distance-based tolls, vignettes are only remotely proportionate to the real use of the infrastructure, depending on the use in a short period of time. Since the fixed fee is related to time and not distance covered, vignette schemes often put occasional users, such as non-residents or one-time transit cargo, in a disadvantaged position. Future policy should be more balanced and designed on the basis of the “user-pays” and “polluter-pays” principles, while carefully taking into account direct and indirect charges already paid for.

10. In general, there is a need for more transparency in the way that tolls and charges are fixed, updated and levied. Moreover, charging should be non-discriminatory.

11. In the above context, BusinessEurope believes that <u>under certain conditions</u> there could be a case for putting in place a European framework for electronic interoperable distance and/or market-based road charging, as long as the following principles are fully included in the revised framework / revision of the current Directive on charging and EETS:

    a) Member States decide whether or not to put in place charging systems.

    b) The level of charge is fair, simple, transparent and based on scientifically measurable costs.

    c) Double charging is avoided: taxes and charges already paid have to be taken into account.

    d) Infrastructure charging is non-discriminatory and applicable for all users.

    e) The framework fosters interoperability between charging systems in different Member States.

    f) Infrastructure charging is done in a cost-efficient and the most seamless way possible.

    g) The revenues need to be ear-marked and reinvested into transport infrastructure and improved performance of the transport system as part of an integrated policy aimed at supporting a competitive European economy.

    h) Minimise administrative burden - which is a cost - for road transport users.

    i) A level-playing field is ensured with other modes of transport.

    j) The framework should support the deployment of the latest technologies and ICT solutions.

12. Furthermore, care must be taken with the internalisation of external costs. The aim must be to minimise external costs and not to fully monetise them.

13. Before the Commission comes forward with any proposal for a revision of the existing EU legislation, a comprehensive study should be undertaken that shows - in a transparent way - how much is already paid by whom, where, when and how. Evidence-based policy-making is fundamental for better regulation that supports EU competitiveness. It is vital to provide transparency and clarity about the collection and use of revenues. The main objective of the Eurovignette review and changing the existing system should be to improve transparency, clarity, proportionality and charging differentiation in order to further encourage the use of cleaner vehicles.

14. Moreover, it should be well taken into account that in a fast-changing and more and more digital society the transport service market is also digitalising and renewing fast and giving more options to the user. It is likely that in the future the user will be able to choose from a variety of transport packages and services which might have different charges depending on variables such as time, area, service, distance, vehicle, mobility package etc. A revised framework should allow the user and the service provider to combine the charges with different services and payment models if in line with the above set framework conditions (point 11).

Access to the occupation of road transport operator and the international road haulage market (Review of Regulation 1071/2009/EC and Regulation 1072/2009/EC)

15. First of all, it should be absolutely clear that international road transport drivers cannot be considered as posted. The premise of posting workers does not apply to highly mobile international road drivers carrying out international road transport in several countries every day. This is unjustifiable, unworkable and would be an unenforceable and heavy administrative burden for authorities and companies and would require that the authorities know the exact transport scheme for every single driver, with thousands of cross-border transport operations carried out every day.

16. Most problems affecting the road transport sector are linked to the diverse interpretation and implementation of EU legislation, in particular relating to the operational aspects. These differences pose direct compliance costs for businesses.

17. Some different interpretations or additional national requirements are justified where a Directive or Regulation provides for leeway in their implementation, but a number of these requirements would not be in line with EU law, or at least questionable on their compatibility or proportionality. Many differences stem from a lack of enforcement of existing EU rules and a proper assessment of their implementation. For example, the control of cabotage operations varies greatly among Member States, often depending on the intensity of these operations in domestic markets. BusinessEurope observes that countries with a relatively high number of cabotage operations by foreign operators often impose additional (administrative) requirements and controls, which de facto hamper cabotage operations, or make it more difficult to carry them out.

18. Moreover, some Member States are implementing the provisions of Regulations 1071 and 1072 also for light vehicles. This results in moving goods from heavy traffic transport and fractioning it into light transport, resulting in unfair competition in border areas. Diverse application of the Regulations needs to be addressed as well.

19. In the current Regulation 1072/2009/EC the burden of proof is on the transport operator, who must provide documentation for the legality of each cabotage operation as well as the incoming international transport. This increases the compliance cost for cabotage operations and thus the transport cost for the European business sector, especially in those Member States who do not use consignment notes for national transport. One way forward could be to lift the restrictions on the numeric limitations on number of cabotage operations in the medium-term (see also below).

20. The above issues mainly stem from a lack of clarity in the existing legislation which allows Member States to justify interpretations that often go beyond the spirit of the single market. In this context, BusinessEurope asks for clarification in the existing EU legislation, in particular in the provisions that are most subject to diverse interpretation. Furthermore, we ask for the harmonisation of the criteria for the control, enforcement and sanctioning in case of non-compliance, also in order to avoid distorting competition.

21. Furthermore, access to the ERRU (European Register of Roadtransport Undertakings) should be extended to national roadside control agents. A desirable future development would be the wider use of tachographs with global satellite navigation systems to monitor infringements roadside without stopping vehicles that fully comply with the imposed requirements. A period of adaptation would be necessary in order to have the entire fleet circulating under the same conditions. It would also be desirable to have a common training for the agents of the different Member States, and also to allow the access of any Member State to the classification of high-risk companies in order to focus controls.

22. The digitalisation of transport documents is an important step towards reducing administrative burdens and ensure efficiency. For example, the e-CMR (the electronic consignment note) system could be used for documentation of cabotage operations in the future (with an attached GPS device). Currently the e-protocol under the CMR Convention has only been ratified in nine countries. In order to tap the full potential of e-freight and e-commerce, the acceptance of e-CMR must apply in all Member States.

23. Lastly, companies report that a lack of coherence and proportionality in penalties is a general concern within the road transport sector.

Remove restrictions on cabotage operations in the medium-term

24. 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, thereby also 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.

Stronger joint enforcement against 'letterbox companies'

25. The discussion on 'letterbox companies' will continue to exist as long as we do not have a uniform control and enforcement approach. In this regard more regulation is not the answer. Rather Member States need to work better together to achieve more uniform enforcement. Member States should be obliged to reply to reasoned requests for information from competent authorities in other Member States and to carry out checks, inspections and investigations including the investigation of any non-compliance or abuse of applicable rules. Moreover, Regulation 1071/2009/EC could be clarified to make it easier for Member States to control the accuracy of an establishment. The clarification could introduce a checklist for controlling the accuracy of a company's details. This checklist must both secure the freedom of establishment as laid down in the EU Treaties and in case law by the European Court of Justice, but also prevent artificial arrangements.

Urban policies often pose obstacles

26. Weekend or inner city driving bans or overly burdensome customs procedures in some Member States hamper a well-functioning single market, leading to lorries not being able to reach their costumers and 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.

Longer and heavier vehicles should be able to cross borders where Member States allow it and safety and infrastructure requirements are met

27. BusinessEurope regrets that in the final agreement in 2014 on the revision of Directive 96/53/EC to set new rules for maximum weights and dimensions of certain road vehicles in the EU, one of the crucial issues, namely the border-crossing of longer and heavier vehicles between Member States that allow it, was not addressed as such. BusinessEurope stresses though that modifications regarding legislations on weight and dimensions and discussions on cross-border operations should primarily take place at European level. Further harmonisation at European level in this area is vital for a better functioning single market.

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

29. Furthermore, it is fundamental that Member States are expressly allowed to enter into bilateral or multilateral agreements regarding border crossing, in line with the principle of subsidiarity. This would provide a solution in many difficult situations, such as the current rules for the Benelux-France borders. Within these Member States, 44-tonne trucks are the standard. However, border crossing is only allowed with 40-tonne trucks due to the interpretation made of existing legislation by the Member States concerned. This leads to inefficient loading of tens of thousands of trucks and to a distortion of competition in this region. More efficient loading is an important factor when reducing congestion and the environmental and health impacts.

30. In many situations, EMS-combinations may provide better economic, environmental and safety performance since in many cases three traditional vehicles can be replaced by two EMS-trucks.[1]

31. BusinessEurope stresses that all modes of transport have their own strengths and should be seen as complementary to each other. The interoperability between the different modes is already improving but should be further promoted to create a true single market for transport to enhance European competitiveness. Co-modality ensures resource efficiency as it means using the most appropriate mode for each link of the transport chain.

National measures impacting road transport: minimum wage laws

32. As mentioned above, BusinessEurope is concerned about recent developments in a number of EU countries resulting in new obstacles to international transport operations, considerably affecting free movement. BusinessEurope understands the political sentiment in which such measures are being taken, but stresses that such national measures will 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.

33. A first example is the impact of national minimum wage laws. On 1 January 2015 a new minimum wage law entered into force in Germany. In principle, the new law is applies to all transport operations whether they are domestic or international. This implies that a foreign transport company has to pay the German minimum wage for the time an employee, e.g. a truck driver, spends in Germany, also when carrying out an international transport, including in case of bilateral point to point transport, cross-border trade and transit operations. Furthermore, transport and logistics companies are obliged to inform the German Customs Authorities ahead of the

[1] A monitoring study in the Netherlands, where the number of EMS-combinations count up to nearly a thousand, concludes that their use is an important innovation in the effort to reduce CO_2 emissions and that their use does not lead to a reverse modal shift. A trial in Denmark came to a similar conclusion. A Swedish study shows that the use of EMS-combinations reduces CO_2 emissions by 15-20 % compared to traditional trucks. Furthermore, a recent study in Finland shows that traffic safety improves as there are fewer vehicles in circulation, which also leads to less congestion.

transport operation that they will be on German territory and for how long and keep separate records for time spent on German territory.

34. While Germany has of course the right to introduce a minimum wage, BusinessEurope and its members are greatly concerned about the impact of this new national legislation on international transportation via road, inland waterways and rail. Besides the unclarity that is still there regarding its application, it causes additional administrative burden and adds costs not only for the transport sector, but for businesses and customers more generally.

35. Moreover, the legislation negatively impacts free movement in the single market and we have doubts about its scope and the compatibility with EU law. In particular, the new German law may be in breach of the principles contained in the Rome I Regulation, which aim to ensure that, in general, an employment contract should be governed by the legislation of one Member state, and not several Member States. Such a breach could have detrimental consequences for the single market, not least if extended to other sectors.

36. In 2015 France adopted a similar law called '*Loi Macron*'. It concerns the French minimum wage in the transport sector. It applies to cabotage and all international transport operations (transit excluded). This law entered into force on 1 July 2016. The law provides new obligations on French inland transport movements and international transport to or from France. Under the new law, foreign-based drivers are subject to the French rules of social law as they enter French territory. Norway has recently adopted minimum wage requirements as well.

37. In the above context, BusinessEurope welcomed the announcement of the Commission of 16 June 2016 to take legal action against the new French and German minimum wage legislation in the transport sector. The Commission has rightly stated that it considers that the systematic application of the minimum wage legislation by France and Germany to all transport operations touching their respective territories restricts in a disproportionate manner the freedom to provide services and the free movement of goods. Both Germany and France have responded to the Commission, but a watertight solution is yet to be found. We urge the Commission to take these issues forward and address current problems decisively businesses and customers need legal certainty and a single market that works.

National measures impacting road transport: administrative burden

38. On 1 January 2015 Hungary introduced an electronic public road transportation control system called "EKAER", which aims at fighting VAT fraud on certain goods transported on public roads. While we support the objective of fighting fraud, BusinessEurope is concerned that the EKAER system will negatively impact cross-border transport operations and make it difficult for honest foreign entrepreneurs to provide international transport operations on Hungarian territory.

39. Companies transporting goods on public roads via any motor vehicles subject to charge will be required to apply for an EKAER number. Every number will be valid

for 15 days and those organising and executing the transit must be able to present it during potential roadside checks by the authorities. If the taxpayer fails to meet their obligation to apply for an EKAER number or to report the entire shipment, the shipment or its undeclared part is considered as a product of unverified origin, and the authority can impose a penalty up to 40% of the value of the product. This can also include seizing the goods up to the amount of the penalty, or applying a seal on the vehicle and immobilising it. All transport going into Hungary needs to be notified to the Hungarian authorities ahead of the transport operation, indicating the driver's name, cargo, license plate, etc. which imposes significant administrative burdens and additional costs. In addition, the fact that the EKAER number must correspond to a certain vehicle and even the driver, means a loss of flexibility and an additional challenge for achieving efficient logistics.

40. Hungarian tax authorities have announced that no controls will take place in the foreseeable future, but transport and logistics companies are greatly concerned and there is a lot of uncertainty about the application and enforcement of this new system. In this context, we call on the Commission to thoroughly investigate this issue and determine whether this national measure is proportionate and not in breach with EU law.

National measures impacting road transport: resting time

41. In June 2014, France and Belgium adopted national regulation that forbids truck drivers to take their weekly rest in the cabin of their vehicles. This is another example of complementing national measures which de facto restrict free movement.

42. Regulation 561/2006/EC provides a common set of EU rules for maximum daily and fortnightly driving times, as well as daily and weekly minimum rest periods for all drivers of road haulage and passenger transport vehicles, subject to specified exceptions and national derogations. However, the European Regulation does not explicitly authorise rest in cabins for reduced weekly rest times. In fact, it neither forbids nor authorises rest times in cabins for regular weekly rest times. Hence, it leaves room for diverse national interpretation with the additional French and Belgian legislation as a result.

43. There are a number of concerns regarding the new national laws:

a) The impact on the single market: Diverse national rules that complement EU legislation or diverse interpretation of EU law cause problems for businesses. It causes legal uncertainty and disrupts the level playing field that European companies need to compete fairly within the single market.

b) Lack of infrastructure: The lack of secured parking space *with* accommodation is one of the big obstacles to comply with the French and Belgian regulation. In both countries there are limited secured parking spaces that also offer accommodation.

c) Proportionality of sanctions: It is necessary to assess whether the French sanction (€30.000 and possible one-year imprisonment) is proportional, effective and dissuasive.

d) Lack of practical guidance: Uncertainty exists about the practical enforcement of the regulations, for example concerning the question which documents should be provided.

e) Need for legal certainty: The Commission should clarify whether these national regulations comply with Regulation 561/2006/EC, where it is stipulated that: "*a driver should have a possibility, should he / she choose, to spend the regular weekly rest at the home base or somewhere else, and not in the vehicle*", while the Belgian and French legislation eliminate the driver's right of choice.

44. In this context, BusinessEurope urges the Commission to swiftly complete infringement procedure and take action to assess and oppose these national measures. Furthermore, the Commission should issue a clear interpretative opinion or guidance document on where one is allowed to spend obligatory resting time, including its enforcement. Diverse national rules that complement EU legislation or diverse interpretation of EU law cause problems for business. It causes legal uncertainty and disrupts the level playing-field that European companies need to compete fairly within the single market.

45. Currently, Regulation 561/2006/EC on driving and resting time is unbalanced and too prescriptive, which has a negative impact on productivity and severely increases costs for the road transport sector. While it should be revised and simplified, it should continue to apply to vehicles above 3,5 tons. The revision should also increase traffic safety.

National measures impacting road transport: special permits

46. Free movement of goods can also be distorted by lack of implementation of Directive 96/53/EC which sets inter alia the rules for the maximum total weight and weights per axle of heavy goods' vehicles in national and international transport. According to the Directive, lorries of up to 40 tonnes of total weight, and a maximum of 11.5 tonnes for the driving axle, should be allowed to travel freely on the road networks of Member States with only a few exceptions. However, Poland obliges such vehicles to pay for a special permit on around 97% of its network. These kinds of restrictions have a negative impact on the circulation of vehicles which comply with these limits when performing international transport operations on Polish territory and may be perceived as a hidden transport tax and administrative burden which increases the cost of transport. BusinessEurope therefore stresses that full implementation of Directive 96/53/EC is essential to improve the functioning of single market and to ensure the free movement of goods in Europe.

Additional remarks on the enhancement of the social legislation in road transport

47. Road transport is one of the most heavily regulated sectors in the EU, including in terms of working time rules. General and sector-specific rules exist, sometimes creating complicated and inconsistent requirements for operators. Therefore, as indicated above, greater simplification is needed in many areas.

48. Since the introduction of the social rules, the technological, operational and business reality in road transport has changed. In many circumstances, the current rules complicate the organisation of transport operations and/or operators' compliance, for instance regarding specific issues with long distance international road transport and urban parcel delivery in relation to the enforcement of certain provisions of the Regulation 561/2006/EC. Strict provisions risk interfering with entrepreneurial freedom, endangering the business viability of SMEs, thereby distorting competition. This must be reflected in the revision of the rules and should allow for increased flexibility not only in the normative text, but also when enforced.

49. In general, the framework of EU rules is accepted by the industry and road transport operators manage to design their business models around and in compliance with the rules, despite the fact that a number of provisions remain unclear or are subject to different national interpretations and enforcement practices. BusinessEurope stresses again that diverse interpretation by Member States, incomplete implementation, incorrect application and weak enforcement of existing rules are the main causes for the challenges and obstacles for road transport in the single market identified above.

50. To promote fair competition, the policy focus should be on fighting illegal practices such as undeclared work or bogus self-employment. Enforcement of current rules should be the priority.

51. BusinessEurope also pleads to extend the scope of the existing Article 13.1(d) in Regulation 561/2006/EC. This article exempts universal service providers from the Regulation under certain circumstances. BusinessEurope believes that in the context of better enforcement and fair competition, all delivery operators shall be considered exempted from Regulation 561/2006/EC if they operate vehicles below 7.5t, stay within a 100 km radius with their vehicle and the driver's main activity does not constitute driving.

52. In the context of the debate on wage competition it is important to underline that the productivity and wages in Member States with lower levels of economic development have been growing gradually, so wage differences within the EU have been declining[2]. But if the single market is not allowed to function smoothly, this catching-up process will be slowed down.

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[2] For example, average wages in Polish companies have grown between 2004 and 2014 by 63%, from about 600 euro to 1000 euro, and the minimum wage has more than doubled, from 175 euro in 2004 to 409 euro today.

The financing of road infrastructure

53. BusinessEurope continues to call for sufficient investment in core transport infrastructure via existing tools such as the European Fund for Strategic Investments (EFSI), the Connecting Europe Facility (CEF) and structural funds, but also through the use of existing finance to strategically trigger private investment.

54. It must be an absolute priority to complete the TEN-T network which connects Europe and establishes a core network of nodes and links of the highest strategic and economic importance, based on population density. 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. Unfortunately, we see that the development of the TEN-T network is not progressing as well as hoped.

55. It is clear that significant investments are needed to complete important TEN-T networks and maintain our existing infrastructure. 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. From 2000 to 2006, the EU invested about €860 billion in key transport infrastructure such as roads, railways and bridges. Yet, the cost of EU infrastructure development to match the heavy increase in demand for transport has been estimated at over 1.5 trillion euro from 2010 to 2030. Also, infrastructure is unequally developed in the eastern and western parts of the EU.

56. 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 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 risk projects that drive productivity and growth. It has already been proven that EFSI is successful, in particular for smaller transport projects.

57. In this context, 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.

58. There are important lessons to be passed from the EFSI to other EU instruments. The EFSI cycle (from request for funding to approval) seems to be working much faster than the CEF cycle. Less paperwork and bureaucracy might be part of the reason and, if the EIB is used to working with less or at least different checks and controls, this expertise should be passed on in order to further simplify existing instruments in other policy areas.

59. BusinessEurope welcomes the proposed extension of EFSI, but under the condition that greater attention will be paid to additionality, geographical coverage, and cross-border projects. However, we ask the Commission to reconsider their intention to take money away from the Connecting Europe Facility (CEF) which is already underfunded. We believe the two programs should be seen as complementary as they aim at targeting investments with different risk profiles.

60. For BusinessEurope's full position on investment and the extension of EFSI, please click here: "Extending the European Fund for Strategic Investment" of 28 November 2016.

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