European Commission - stakeholder event

Taking stock of EU transport policy – the 2011 White Paper:

achievements and challenges

Panel 3 "Smart transport systems for the digital era"

12 November 2015, Conference Centre Albert Borchette, Brussels, room AB-0D

Speaking notes Michael Svane

(Check against delivery)

- **Thank you** Mr Olivier Onidi for the kind introduction and for inviting BUSINESSEUROPE to speak about the digitalisation of transport.

- As many of you know, **BUSINESSEUROPE** is the voice of business in Europe, standing up for companies across the continent and campaigning on the issues that most influence their performance. We speak for all-sized enterprises in 34 European countries whose national business federations are our direct members.

- It was said many times today: **transport is crucial for Europe**. Improving efficiency of logistics and supply chains is the daily business for many companies and directly impacts the competitiveness of users and providers.

- It has been estimated that transport and storage (so logistics) accounts for about **10-15% of the cost** of a finished product.

- As you know, the **demand** for transport is expected to increase exponentially in the coming years, also linked to the booming of **e-commerce**. Moreover, with an agreement on the Transatlantic Trade and Investment Partnership (**TTIP**) will intensify trade between the EU and the US, which will also demand more transport services. This expected agreement illustrates as well, the importance of international standards and global simplification and streamlining of procedures.

- At the same time we see a **lack of investment** in new and existing infrastructure, which will put additional pressure on Europe's transport networks.

- Another worrying trend, that is blocking development and harming the single market – which I also wish to point to in this part of the debate – is the "**mushrooming**" of national measures that hamper free movement. An example is the famous new Germany minimum wage law that is directly impacting transport operations across the single market. Other issues are impactful resting time rules in France and Belgium or the disproportionate EKAER regulation in Hungary which is meant to combat VAT fraud. We need to make sure that are single market works by stronger

AV. DE CORTENBERGH 168
BE-1000 BRUSSELS
BELGIUM
VAT BE 863 418 279

BUSINESSEUROPE a.i.s.b.l.

WWW.BUSINESSEUROPE.EU
Follow us on Twitter @BUSINESSEUROPE

TEL +32(0)2 237 65 11
FAX +32(0)2 231 14 45
E-MAIL: main@businesseurope.eu
EU Transparency register 3978240953-79

enforcement of EU legislation and ensuring more coherent implementation and application of rules in all Member States.

- If we want to meet the increased demand and **make Europe more competitive at global level**, it is essential to make our transport systems smarter and logistics more efficient.

- The good thing is: **we do have the tools and solutions to achieve this** - at least in theory - offered by the digitalisation of the European economy, where all modes of transport will undergo major transformations in the next decades.

- **Digital tools and ICT solutions** can make transport systems more interoperable, smarter, and offer more predictability to increase efficiency and bring down administrative burden and therefore cost.

- **And this process has already started**. By 2020, up to 50 billion devices will be connected to the internet. It does not only mean phones and tablets, but we are talking about connected cars, bridges, ports, trucks, traffic lights, etc., etc.

- It means great new opportunities and chances to optimise capacity for example for the management of ships and containers in ports or in terms of parking places for your car.

- **Smart infrastructure** where cars, trains or containers are connected with the infrastructure itself will offer great opportunities to better manage traffic, avoid congestion and increase efficiency.

- The digitalisation of transport will also help to achieve many of the goals envisaged in the **2011 White Paper** linked to more co-modality, smart logistics and making every mode of transport more efficient.

- The current debate about the digitalisation of transport should be all about **HOW to grasp the potential** and use big data to make transport systems smarter.

- **Already now there are good examples** of how the application of digital tools and ICT solutions can make transport more efficient:

  - Developments in **e-maritime** for example, where notifications, declarations, certifications and service orders are now stored in electronic rather than paper format. Automated verification of information and quick processing of data already leads to the optimisation of routines.

  - A good initiative in this area was the "**blue-belt**", where the idea is to ease customs formalities for ships staying within European waters through digital transfer of information. This would reduce red tape and cut delays in ports. It is regrettable that the proposal is still blocked at Council level.

  - Another example are developments regarding **telematic applications for rail travel**, so a subsystem that offers passengers information before and during the

journey, innovative payment systems and better connections with other modes of transport.

- For rail freight this allows real-time monitoring of wagons, invoicing systems on the go and data collection of these and past travels to compose patterns.

- <u>Yet, while the benefits offered by digital are clear, they are not fully grasped</u> at the moment and developments in certain areas are lagging behind for a number of reasons:

    1) **There is a lack of interoperability of systems** (between countries but also different modes) caused by different standards and diverse interpretation and application of European legislation.

    2) **Differences between electronic documents** per mode and per country make full cross-border acceptance not a reality yet.

    3) **Smart use of data and re-use of data is still underdeveloped**.

    4) **Remaining legal obstacles and uncertainty.** There need to be very clear rules on cybersecurity, data, e-signatures, e-authorisation, etc.

    5) **A lack of investment** and critical mass to make innovative solutions the new standard.

Let me mention a <u>few practical areas</u> to show the potential and the <u>challenges</u> we still face:

<u>Electronic transport documents</u>

- Businesses would greatly benefit from more standardised and wider use of electronic transport documents. However, different standards, a lack of implementation of EU rules and diverse national regulation impose barriers to its development.

- <u>Example</u>: Some countries such as the Netherlands and Denmark have adopted the e-CMR protocol to allow for the use of electronic transport documents when transporting goods by road. Enforcement bodies are prepared to check e-documents rather than paper documents, while shippers have experienced significant reduction of administrative burden and better management of time. <u>However</u>, only 10 Member States have so far ratified this protocol, which results in these benefits being lost for most cross-border operations.

<u>Digital offers the "only-once" principle</u>

- Better re-use of information already submitted can enable efficiency and cost savings. Digital facilitates the so-called "only-once" principle.

- <u>Example</u>: Thanks to an e-Manifest, a ship upon entering the EU would provide the required information once, the same information being then re-used from port to

port as needed. However, this is not yet working in practice, with many ports not properly equipped.

- Example: Trucks require to carry on board several paper documents to provide proof of compliance for different aspects, such as:

  - A contract for transported goods
  - Identification of suppliers and customers
  - Documentation to prove that the transport service is not cabotage
  - Proof of road worthiness

- All these contracts and certificates could be centrally registered in a digital format and made accessible quickly to different authorities when requested.

Big data, new opportunities – in a trusted environment

- A large quantity of data is generated in existing systems - so-called big data, structured and unstructured. This data needs to be better used along the logistics chain, in combination with trust-building tools (data protection, cybersecurity, etc.) and adequate data governance.

- This will offer great benefits, such as:

  - More predictable transport flows to improve planning
  - Better real-time information, e.g. on transport network conditions, including opportunities to deviate from the original planning and use alternative routes
  - Developing better track & trace tools for e-commerce
  - Taking multimodal journey planning to the next level, not only for passengers but also for freight forwarding companies

- In general, governments should consider providing third parties access to their collected data to allow new innovative services and applications to be developed by the private sector.

- Of course, important questions need to be answered and addressed by a predictable and light-touch legislative framework that is future-proof. Such as who is the owner of certain data? How can stakeholders share information? And what is the role of data intermediaries in terms of data ownership?

New transport opportunities – new modes?

- Digital and smart infrastructure can also lead to new ways to travel and transport goods. Just think of drones for example. Already in the US drones are delivering mail to remote areas, creating a whole new mode of transport. This just illustrates how fast developments in some areas are going and that these should not be hampered by regulation (for instance taking a too heavy risk-avoiding approach). For digital transport and logistics to flourish, a balanced light-touch approach is needed which only addresses possible negative elements of these developments.

Changing, triggering investment and creating critical mass

- For the outlined transformations to take place, it is important that not only businesses use digital tools and ICT solutions, but public authorities as well. Let's not forget that a very important part is business-to-government (B2G) communication in transport. It requires sufficient investment in the public **and** the private sector in new technologies and the right policies to accommodate the expected developments.

- For certain solutions to become the standard, critical mass is needed. **EU pilot projects**, perhaps along the TEN-T corridors, have a key role to play here.

- **The role and approach of legislators** is essential in this debate. We must rely on the market-driven solutions and of course any regulation should be balanced and put in place where necessary, however regulators must avoid any legislative measures that limit the potentials of new business models and take into account the disruptive technologies and new technologies as e.g. drones and self-driving cars.

- In this context, it is important to further develop the concept of "**smart cities**", to see how highly urbanized areas can be more efficient, with the help of digital tools and ICT solutions.

- The technological part is important for the deployment of digital transport services, but the core is transformation of organisations and **change management**. This requires the right policies, new structures, as well as an evolution of the workforce towards more diversified tasks.

- At European level, the various Directorates-General involved, DG MOVE, DG CONNECT, DG GROW, DG EMPL need to **work closely together** to best accommodate these transformations and step in where needed to address some of the outlined barriers.

- In this regards, BUSINESSEUROPE warmly welcomes the setting-up of the new Commission **Digital Transport and Logistics Forum** to discuss these issues.

  → **To conclude**, there is great potential in the digitalisation of transport. It can increase efficiency and reduce costs and offer many new opportunities and new chances for business, in particular for SMEs and niche start-ups.

  → The key is to create **the right mind-set and political commitment** for change, ensure sufficient investment and address remaining obstacles to cross-border interoperability in the single market.

Thank you.