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**IRU POSITION PAPER
ON THE COMMISSION WHITE PAPER ON EUROPEAN TRANSPORT POLICY 2010**

IRU position paper on the "White Paper on European Transport Policy for 2010", incorporating goods, passenger and combined transport concerns.

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I. GENERAL CONCLUSIONS OF THE IRU

- The IRU appreciates that the Commission acknowledges that **growth in society, in consumption, in production and in trade lead to growth in transport**. By this statement, the Commission recognises that it is impossible to decouple the transport of people and goods from development in the rest of society, assuming one supports a market-oriented, global economy as laid down in the treaties governing the European Union. While the road transport industry will strive to continuously improve productivity and aim at better transport solutions in order to cope with the increased demand in a sustainable manner, it is becoming an increasingly difficult task in light of the multitude of restrictions thrown at operators of commercial vehicles.

From the different growth scenarios or options, the Commission has opted for the assumption that 'non-road modes' will be able to keep their 1998 market share. Many road transport operators and experts of recent transport markets have strong doubts as to the railways' ability to live up to such an assumption.

Putting these doubts aside, the IRU accepts the Commission forecast whereby the total demand for transport of passengers by road will increase by 24% over the coming 10 years, and the total demand for goods transport by road by 38%.

- The key question for the IRU is **how to cope with such a growth in transport while achieving the sustainable development goals to which we are committed**. In this respect, it is to be stressed that the White Paper has been too modest in describing what has been achieved in terms of the environmental impact of road transport. Thanks to EU legislation initiated by the Commission, technological progress made by manufacturers of commercial vehicles and investments made by our industry, the emissions from bus and lorry engines have been reduced by 40% over the last 10 years. Moreover, an additional 50% reduction can be expected in the coming 10 years with the addition of filters and catalytic converters to meet EURO 4 and 5 engine standards.

Given the enormous progress made in reducing noxious emissions, the non-toxic **CO₂ emissions** remain the biggest challenge to address. It is generally believed that diesel-operated commercial vehicles are the main problem, and that non-road transport modes are more "CO₂-friendly". The IRU opposes this populist stereotype, and has recently published a field study elaborated by independent experts, comparing energy use and CO₂ emissions of combined rail/road transport versus pure road transport.

- The IRU recalls its sustainable development strategy, based on 3 pillars: **Incentives, Innovation and Infrastructure**.

It notes that the White Paper fails to forward **Incentives** resulting in more optimal use of the existing road infrastructure. Such incentives are absolutely essential for coping with a 24% and 38% growth in road transport. Nothing is mentioned in the White Paper on temporary restrictions for access to road for HGVs. No incentives are offered to road transport operators investing in Euro 3, 4 and 5 lorries.

Innovation building on the results of the many research and development projects is scarcely mentioned in the paper.

With regard to **Infrastructure investment**, the White Paper seems to recommend that investment in road infrastructure should no longer benefit from EU funds. The growth rates expected for road passenger and freight transport can only be coped with if existing bottlenecks on the roads are eliminated and new road infrastructure is put in place. The IRU can only accept new infrastructure charging systems if they are non-discriminating and transparent, and if the revenue is used to improve road infrastructure. Road revenue must be

used to solve road problems. Specific charges should not be levied on road transport to fund non-road investments.

- Any policy aimed at meeting Europe's economic, social and environment demands in the coming years ought to address questions about the bulk (90%) of vehicles on the roads: private passenger cars. The most cost-effective and viable alternative – more use of long distance collective transport by coaches and buses – is ignored in the Paper. This is quite disappointing.
- The IRU is convinced that the success of the 2010 freight transport scenario targeted by the Commission will to a large extent depend on over proportional development of combined transport operations. Road freight operators will undoubtedly make much more use of multimodal solutions if they are able to make such services as reliable and cost-effective as traditional house-to-house road freight operations.

II. IRU OBSERVATIONS ON BUS AND COACH MATTERS

- The White Paper analyses both the freight and passenger transport markets and development. Focusing on the passenger transport side, it is striking that mobility is dealt with as one homogenous block; no proper analysis is made of the different types of mobility needs – social or personal, business or commercial, leisure or holiday. A broad indication of a 24% growth in passenger movement by 2010 is given, however what are the sources of this economic growth?

How can the EU direct its efforts without proper qualification and quantification of this growth?

- **Lack of consideration for bus and coach transport**

When it comes to the performance of the different modes, the passenger car dominates passenger transport by road, while little or nothing is mentioned about bus and coach.

The IRU is disappointed about the lack of consideration for road transport by bus and coach, especially in terms of long-distance travel. The efforts made by road transport in the framework of sustainable development are not only limited to road freight transport. Bus and coach operators have been just as active in their efforts to improve passenger and vehicle safety, environmental performance of their vehicle fleet and to provide higher quality services and comfort to passengers. Bus and coach operators do their utmost to provide a valuable and high quality alternative to the passenger car, which continues to predominate road passenger transport, and they are prepared to increase their efforts even further.

Bus and coach are generally recognised as representing the second most important passenger transport mode after the private car.

They play a fundamental role within the framework of sustainable mobility. One should not forget that they carry around 40 private cars worth of passengers. They are also in a position to offer door-to-door service. In many instances, they offer the only means of mobility to the citizen. Bus and coach are key players in the intermodal public transport chain.

- **Importance of coach tourism**

From the perspective of tourism, bus and coach are a significant factor in the economy. Research has shown that a tourist travelling by coach spends at least 40% more money than any other tourist. Coach tourism accounts for up to 2% of GDP in European countries. For every person directly employed by coach operators, 3 more jobs are created in the coach tourism sector.

The touring coach not only competes with transport modes, but also is complementary to rail, air and sea transport, allowing long-distance passengers to start and end their journeys and offering the best alternative for local excursions.

- **Improving quality in the bus and coach sector**

Notwithstanding the fact that neither bus nor coach transport have been given particular consideration in the White Paper, a number of measures proposed in the paper will have a direct or indirect impact on the sector.

Initiatives to **harmonise inspections and penalties** are very much welcomed given the enormous difference in enforcement practices in the Member States and the sometimes very arbitrary decisions of inspectors. Improved transparency of the domestic rules emanating from European Directives and Regulations is also linked with harmonisation. Clear guidelines should be given to the authorities of the Member States on how to interpret European rules so as to avoid discrepancies in the existing practices.

The IRU considers it vital to limit time spent on roadside inspections so as to avoid unnecessarily long interruptions of the journey for the passengers.

Initiatives to render **contracts** more flexible are also welcome. Today, all too often, contracts do not foresee price increases in case of hikes in fuel prices or increases in insurance premiums.

Linked to the issue of contract flexibility is **joint liability**. The White Paper discusses rules making operators liable for certain offences committed by drivers. There is more to this issue. It is not unusual that operators are forced to break the rules because the client forces them to do so. Standing up to the client is not the right solution because the client will simply go elsewhere and someone will always be found who is willing to carry out the contract. Business is business but should be carried out within fair and sustainable limits.

- **Public passenger transport should be exempted from road pricing**

Unlike in road freight transport, there is no Community initiative yet to levy infrastructure charging on bus and coach. It would be very difficult to envisage any road charging system for transport by bus and coach without considering parallel measures for the passenger car.

The road transport industry is only prepared to accept road user charges with the following prerequisites:

- 1) Non-discrimination, intra and intermodal
- 2) Transparency of elements setting charging levels
- 3) Reallocation of road revenues in road infrastructure
- 4) Cost-effective in casso system

- **Improvement of road safety**

The initiatives proposed by the Commission are positive in principle. While transport by bus and coach already enjoys an excellent safety reputation, manufacturers and operators are constantly working to further improve the safety of passengers and vehicles.

In 1996, three Directives were adopted on the **installation of safety belts in buses and coaches**, but they are not yet mandatory for the Member States. They will only become mandatory once the Whole Vehicle Type Approval Directive, which is currently still in the drafting stage, is adopted by the Council of Ministers. Meanwhile, technology continues to evolve and in a few years' time the combination of 2-point belts with energy absorbing seats may no longer be the safest option for the vast majority of passenger seats in buses and

coaches. Therefore, the IRU invites the Commission to start research now on safer alternatives already available on the market.

Currently, a proposal for the **mandatory wearing of safety belts on buses and coaches** is also being discussed in the Council of Ministers. The fact that installation is not yet mandatory renders this proposal almost obsolete. The introduction of EU rules on liability for the wearing of safety belts should also be envisaged. Domestic rules in the Member States ought to be harmonised in order to improve transparency for the operators.

- **Public transport**

The Commission is proposing a series of initiatives to promote the use of public transport, but refers for the vast majority of these to the competence of the Member States and local authorities.

The IRU welcomes the fact that the Commission is striving for a better use of public transport and is aiming to obtain better quality and more customer-oriented service.

The IRU has welcomed the proposal on public service requirements and has called for an end to the distortion of competition in the granting of operating rights in the EU.

Notwithstanding the fact that the IRU favours respect of the subsidiarity principle in that the final decisions should remain with the local authorities, it is considered important that the Commission play a coordinator role in order to ensure that the Member States make progress in introducing public transport-friendly measures.

The framework rules that have been proposed for the public service requirements are a good example of this coordinator role.

- **VAT in public passenger transport**

The initiatives envisaged to solve the current distortions in the field of VAT on turnover are very much welcomed. The IRU has been asking for equal treatment of modes for a long time. In addition, progress should be made in the introduction of a simple enforcement system for declaring and recovering VAT. Operators should be able to accomplish this in the country of registration and the tax authorities should act as a “clearing house” to settle things among them.

III. IRU OBSERVATIONS ON FREIGHT TRANSPORT ISSUES

- **Basic guidelines for the freight transport policy 2010**

The IRU shares the view stated in the White Paper that the transport system in Europe faces very serious problems with regard to congestion, environment, safety and uneven growth among the freight transport modes. A defective transport system is indeed a threat to the overall development of business activities and of society as a whole.

The Commission White Paper rightly identifies that the EU’s response to the transport issue, alongside further liberalisation of markets and construction of infrastructure, must consist in optimising the transport system, in particular in the light of enlargement and a sustainable transport policy. Seen from this angle, a number of the proposed policy actions are regarded as very positive, for instance:

- liberalisation of the rail market, promotion of interoperability between networks and dedicated routes for freight traffic;

- stimulation of short-sea and inland-navigation routes, as an integral part of the trans-European networks;
- improvement of the quality of port services;
- realisation of a single European airspace;
- encouragement of intermodal operations through technical harmonisation and interoperability between systems;
- attention to integration of the infrastructure of candidate countries when trans-European networks are reviewed, encouragement of public/private partnership in the construction of infrastructure.

Measures such as these make a considerable contribution to the fundamental concern for a well-functioning transport system for the internal market, the European economy and the integration prospects of the candidate countries.

However, guidelines laid down by the Commission are out of step with the objective of creating a cost-effective, well-functioning European transport system. The IRU is particularly concerned that the future common transport policy tends:

- to steer the freight transport market;
- to result in discriminatory infrastructure pricing;
- to neglect solutions for major freight transport-related problems of road operators.

- **Risks of transport policy aiming to steer the market**

For the IRU, the future transport policy should be geared to achieving clearly-defined objectives in the areas of accessibility, environment and safety. The free transport market concept as laid down at EU level in 1985 must be maintained, ensuring a free choice for citizens and business in their mobility decisions, within a framework of conditions laid down by legislators. Instead the Commission focuses on the goal of maintaining the 1998 modal split in freight transport as its policy cornerstone. The IRU recalls that several EU Member States have used modal shift approaches for almost 50 years without resulting in the expected target. Policy actions in this area have not led to a reduction in road transport or to better performances of other modes. The bulk of freight transport operations are local and regional. Some 85% of lorry journeys take place within a radius of up to 150 km and cannot be done by other modes.

Owing to this lack of alternatives (also in terms of quality), we think it wrong to shackle policy to a substantial shift in the growth of goods flows from road to, say, rail, a mode which the Commission itself says (White Paper, page 7) suffers from twice as much congestion as road transport! A modal shift policy that restrains or insufficiently facilitates road transport while rail transport or other modes are far from being in a position to take over the tonne-kilometres from road is extremely risky. This would jeopardise the accessibility of markets, and therefore economic growth in the EU.

In this regard, it is also important to reflect on the fact that EU enlargement and the introduction of the Euro will cause the EU's internal and external trade – and therefore also the demand for transport – to expand. Thus, the decision to deepen the internal market and to enlarge the EU demonstrated de facto acceptance that transport flows would increase.

- **Modal shift produces poor results for environment and congestion**

The Commission strongly advocates a modal shift from road transport to other modes. However, this policy has no chance of success unless and until these other modes offer good alternatives to road transport. The level of service available from rail transport falls a long way short of what is acceptable to shippers. In addition, recent field studies conclude¹ that a modal shift from road transport to other modes offers fewer advantages to society than currently assumed in public opinion and politics.

The environmental performance of the different modes depends on a large number of factors, which may differ sharply in practice for each transport operation. Factors such as load, speed, type of drive, emission standards, and initial and final transport legs play an important role. It is not possible to speak in general about 'polluting' and 'less polluting' modes. For that reason, environmental effects should be assessed for each goods chain.

Instead of volume objectives for the modal split, policy should concentrate on setting environmental objectives for transport modes (and effective instruments for their measurement) and on developing the associated technical requirements, as has already been done for road transport with the EURO requirements. This would do justice to the environmental improvements in the different modes and would give an incentive for using cleaner vehicles and fuels.

In the area of road congestion, the advantages of a modal shift policy are marginal. First of all, the private car and commuting are responsible for the lion's share of congestion. In addition, in the overwhelming majority of cases, intermodal transport involves an initial and final transport leg by road, usually in congestion-sensitive urban areas. For that reason, priority should be given to removing bottlenecks and making better use of the road network, especially in urban areas.

- **Inconsistencies of advocated infrastructure pricing and taxation and revenue allocation**

In the IRU's view, the White Paper is unclear on objectives of infrastructure pricing and on how it is to be implemented. There is no evidence as to whether the overall objective is more "fairness", i.e. that the price of a transport service will – through the levying of taxes and charges – cover all costs more accurately, whether it is the desire to obtain increased revenue, or whether it is a traffic policy instrument to reduce the volume of traffic or try to shift the balance between the different modes of transport.

In the opinion of the IRU, the overall principle of "fairness", i.e. that everyone must pay their dues, should be the principal objective.

Therefore, it is extremely problematic that the Commission encourages Member States to apply "pricing" to road freight transport initially, and only gradually to other modes of transport. This will lead to distortion between goods transport by lorry and goods transport by other modes of transport.

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'Milieuwinst op het spoor?' (CE, RIVM, TNO, 2000);

'Godstransportkæder - Miljø - og omkostningsforhold' (Danish Transport Council, 1999)

Comparative Analysis of Energy Consumption and CO₂ Emissions of Road Transport and Combined Transport Road/Rail (IFEU/SGKV, 2002)

In addition, the Commission proposes that the revenues of charging for road transport should be used for investments in rail infrastructure – especially in ‘sensitive areas’. This rides roughshod over the principles of ‘right bill at the right place’, ‘user pays’ and ‘polluter pays’. The idea behind ‘fair’ and ‘efficient’ pricing is that each mode pays its own way. The revenues of user levies are used to pay the internal and external costs. If these principles are applied seriously, it can never be the case that one mode needs the revenues of other modes to build infrastructure.

The IRU endorses the idea that the costs to society should be charged, provided that all modes pay these costs in the same manner, so that fair competition between them comes into being. The IRU will, however, oppose the internalisation of congestion costs as an element of road pricing systems in which only HGVs are subject to levying.

Finally, it is unclear how existing transport-specific taxes (in particular excise duty on diesel and vehicle taxes) will be changed, reduced or removed with the introduction of road pricing.

- **Unbalanced EU efforts to eliminate infrastructure bottlenecks**

Smooth flows on major routes for freight transport are of vital importance for the proper functioning of the European Internal Market. This requires adequate infrastructure for all modes and transshipment points in terms of both quality and quantity.

Road transport is and will remain by the far the most important mode of land transport, even under the assumptions of the policy scenario 2010 set out in the White Paper. It is therefore regrettable to note that, although recognising TENs as “arteries of the Internal Market”, EU funds available for co-financed investment are geared entirely to eliminating bottlenecks in rail infrastructure. Congestion and pollution go hand-in-hand. It is therefore necessary to give the highest priority to tackling bottlenecks in and making better use of the road network for the benefit of road freight operations.

- **Need to solve structural problems in the road haulage sector**

The White Paper rightly underlines the shaky economic position of the road freight sector in recent years, characterised by dramatically declining margins as a result of fragmentation, price pressure, and economically and socially damaging practices.

The IRU shares these concerns and considers that legal measures and other actions must be taken in order to strengthen the market position of the supply side.

European harmonisation and standardisation of transport legislation and proper enforcement of social provisions in road transport are considered as prerequisites for meeting this objective.

The IRU will also examine the likely impact of new legislation harmonising certain clauses in contracts aiming to counteract price hikes.

In addition, the conditions of the current quality licensing system and its implementation in Member States should be screened and, if necessary, strengthened.

IV. IRU OBSERVATIONS ON COMBINED TRANSPORT MATTERS

The White Paper reiterates the statement made in earlier strategy papers about combined or intermodal transport being an important means to revitalise non-road transport modes, which the Commission presumes to be more environmentally friendly.

Several research studies have demonstrated that combined transport is not inherently better for the environment than pure road transport.

The IRU confirms the willingness and interest of the road transport industry to make greater use of combined transport, not for policy reasons, but simply to overcome the capacity restraints that will be created by a 38% growth in transport demand.

The IRU points out that a condition sine qua non for increased use of combined rail/road transport is an improvement in the quality of service delivered by rail operators. And such an improvement is only possible if the market for railway traction is truly and immediately liberalised.

The IRU deplores the failure of the Commission to have made an in-depth analysis of the pros and cons of the different types of combined transport. The IRU also points out that a number of concrete issues preventing the use of combined transport (e.g. lack of terminal capacity, restrictions on the storage of containers with dangerous goods, no compensation in case of delays, lack of price stability) are in no way addressed in the White Paper.

Last but not least, the IRU expresses the fear that the proposed Regulation on financial support to non-road transport means – known as Marco Polo – will turn out to be a hidden state subsidy to railways, which otherwise would be illegal.
