

# 2<sup>nd</sup> IRU/EU Road Transport Conference

"Efficient Solutions for Making Road Transport Greener"

Brussels - 29 February 2012



## Opening Session

**Janusz Lacny**, President, International Road Transport Union (IRU)

*Excellencies, Ladies and Gentlemen,*

It is a great honour for the International Road Transport Union and for me as IRU President, to open this 2<sup>nd</sup> IRU-EU Road Transport Conference, organised in partnership with the Danish EU Presidency and the European Commission.

I sincerely thank the Government of Denmark, and in particular His Excellency Henrik Dam Kristensen, the Danish Minister for Transport and his team for their invaluable support in co-organising this Conference. As a former Member of the European Parliament, Mr Kristensen knows better than I the importance of establishing effective cooperation to have the strength to achieve results.

I would also like to thank very much the Vice President of the European Commission responsible for Transport, Mr Siim Kallas and his Cabinet, for making the third pillar of today's conference organisers so strong.

I am particularly pleased with the [reinforced public-private partnership between the road transport industry represented by the IRU and the European Union, both at the level of Member States and the EU institutions](#), especially now that the EU is focusing on economic growth. Continued constructive dialogue between partners is the best way to achieve European growth in the current competitive global economy.

In order to stimulate and effectively improve growth, remain competitive and reduce public debt, the EU countries will have to do much, much more with much, much less. Systematically relying on a spineless consensus, combined with rampant neo-protectionism, for which the EU ranks number one, according to the Global Trade Alert reports commissioned by the WTO, simply cannot be the solution.

On the contrary, it is the audacity to [invest – especially in SMEs which globally represent more than 85% of jobs in the private sector](#) – it is the audacity to consult and rapidly make clear decisions, it is also the audacity to undertake concerted actions, the audacity to build new relationships and, ultimately, the audacity to take risks – as private road transport companies do every day – which [will enable everyone in the EU to remain competitive and to succeed](#).

With all eyes on how to achieve rapid and sustainable growth in the EU in order to expedite economic recovery and, at the same time, ensure an even more efficient and greener road transport sector, it is clear that we need to effectively [promote and further facilitate trade and thus road transport which drives the development of the real economy](#).

Indeed, due to fierce competition, to succeed in a globalised economy, everyone, including in the EU, will be forced to provide and deliver the best services and the best products under

the best conditions. However, it is precisely the political and economic leaders of the emerging countries – and in particular the BRIC countries – who are currently best able to succeed and to make the most of globalisation which was initiated first and foremost by the western world.

Like the great scientists, decision-makers and politicians of past centuries, the BRIC leaders have had the audacity to take courageous and sometimes controversial decisions. They have dared to face up to challenges as they arise by rapidly adjusting to circumstances. They have brushed aside prejudice and other “generally accepted” principles. They have dared to go against the tide, as too few leaders in too few EU countries have done.

They have succeeded by recognising that road transport is not only the sole non-subsidised transport mode but that road transport is the only mode bringing large revenue and profits to the budget of every country. It is for this reason that an increasing number of countries, but above all the BRIC countries, are giving road transport and its representatives their just place in economic and transport policy – the first place!

Moreover, to effectively boost the growth of the EU economy, permit me to propose that the EU leaders should have the audacity to modify, without delay, the EU customs code to allow the 12 million EU trucks to be authorised once more to transport the EU's trade with the full benefits of the TIR System, which is managed by the UNECE Transport Division. The TIR System can be easily and immediately accessible to fleet operators, yet has been prohibited, contrary to the text of the TIR Convention, on EU territory since 1968.

Indeed, by authorising TIR transport in parallel to the T System for all the relevant internal transport of goods under customs control on EU territory, we would allow several million EU trucks to transport goods directly from shippers to consignees without having to go through the bottleneck created by only a few hundred freight forwarders who currently control 99% of the transport carried out under the T System through the financial guarantee they provide.

Let me conclude that the modification of the EU customs code to authorise TIR, would immediately bring profits to the individual EU Member States and thus boost the EU economy. This simple modification would provide only benefits as it does not require any specific procedures, financial investment or delays.

Excellencies, Ladies and Gentlemen,

Economic growth is a top political priority not only in the EU, but also in Asia, the Middle East and South America, and indeed, due to the economic crisis in every country and region. The IRU is thus not only pleased but very proud that the EU has decided to take on economic growth as a new priority. In fact, it is the IRU's firm belief – and I am sure this is a shared belief – that any EU growth objective cannot be successful or even credible without including the facilitation of commercial road transport which is a key driver of economic development.

It should also be remembered that commercial road transport is the only transport mode which provides door-to-door service, complements all other modes and, moreover, is always available to everyone everywhere.

Efficient ways to make road transport even greener is the topic of today. The esteemed panellists who will follow will be discussing short, medium and long term solutions on how best to ensure that we obtain better transport rather than more transport. However, allow me already now to mention some changes which need to be implemented.

We should be moving away from the forced freight modal shift policy which is still in place in the new White Paper. In fact, all historical evidence demonstrates that such a policy cannot work as it does not take account of economic realities!

By working together, it is our common duty to ensure that the road transport sector is allowed to become even more sustainable, for instance through smart innovation to increase the aerodynamics of vehicle combinations to allow, as is the case for all other modes, an

increase in co-modality, loading capacity and hence productivity. For the road freight transport sector, these objectives should be attained by allowing the use of the European Modular Concept, without restrictions, also in cross border operations, in order to promote the concept of “doing more with less”.

In this framework, we learned with satisfaction the work that Vice President Kallas initiated on the legal interpretation related to the use of the EMS, specifically on its cross border use in a range of ways and we thank the Danish EU Presidency and Minister Kristensen for being courageous enough to include this objective as one of three priorities of their Presidency.

Innovation has always been key to drive the road transport industry’s great environmental progress without penalising its productivity. Such an aim can be further enhanced through the standardisation and liberalisation of the use of the European Modular Concept at the EU level.

We are also extremely pleased with the [recent support given by the European Commission for the SMART MOVE campaign, launched in 2009 to double collective passenger transport by road](#). Given the support afforded by the European Commission, Member States and even municipalities, to low-cost airlines which operate mainly between EU cities, in comparison to the punitive regulations and increasing restrictions and heavy tax burden on the bus and coach industry, which is not only ten times more ecological than air transport but also the safest mode of transport in the EU, demonstrates that there is still a lot to do together to effectively achieve the goal of the SMART MOVE campaign.

Indeed, as long as the EU does not take the required action to provide [a level playing field for bus and coach transport and European low-cost air transport](#), any EU objective to increase the use of bus and coach transport, despite all the efforts undertaken by the profession to promote the common aim of the SMART MOVE campaign, will remain only a dream.

The facts speak for themselves: EU bus and coach companies are all SMEs subject to high excise duty on fuel, VAT for their transport services and subject to tax in their countries of origin. In contrast to this, the profitable multinational air transport companies are not only subsidised at every government level but are also totally exempt from VAT, excise duty and, even worse, have never been sanctioned when they transfer their profits to fiscal havens.

This systemic distortion of competition between transport modes does not only penalise bus and coach transport, but also more severely the transport of goods by truck.

Despite the importance of road transport in ensuring growth, road transport is the only mode which pays up to four times the OPEC price for fuel at the pump. The huge difference in fuel taxation and regulatory treatment applied to the different modes of transport is totally incomprehensible. Maritime transport, which only provides port-to-port services, has always benefited from totally tax-free fuel and full liberalisation. Rail and air transport, which also enjoy a fully tax-free energy supply and the financial participation of governments in their national companies, function in a very friendly regulatory environment. Moreover, the regulatory framework of air transport is notably composed, not of interdictions or obligations, but of its “eight freedoms”!

This serious distortion of competition is further aggravated by the fact that State owned companies – even the most indebted like the railways – are still allowed by Member States to purchase, due to their sovereign debt, numerous private road transport companies. This distortion of competition, which is totally unjustified yet tolerated by the European Commission, is very significant as for instance [55% of SNCFs revenue originates from their](#)

road transport operations, to the detriment of the contributions made by real road transport companies.

Moreover, this systemic distortion is exacerbated by the fact that not only has road transport become by far the most regulated and most heavily taxed of all transport modes, but in addition a lack of harmonisation of rules between Member States exist. It should be known that today, social and fiscal costs represent at least two-thirds of road transports operating costs.

Paradoxically, these distortions severely penalise the only transport mode capable of uniting people and distributing wealth, thanks to the high quality of its transport services, and moreover penalise the mode best placed to expedite growth and economic recovery in the EU.

To ensure economic growth, the EU and its Member States should remember that any penalty on road transport is an even greater penalty on the economy as a whole! Indeed, it is time for decision makers to recognise that road transport has become not only a vital production tool, not only the most used mode of transport to ensure the required mobility of people and goods, not only the best engine to drive economic growth, but also has the lowest environmental footprint of all transport modes for equivalent door-to-door transport services as proven by numerous scientific studies. But we are not here today to talk about which is the cleanest mode of transport. Rather we are here today to find ways how the road transport industry can become even greener and drive growth, to which we are fully committed.

The IRU thus places great expectations on this renewed cooperation with the EU and its Member States and in particular on closing the gaps left by the EC White Paper relating to collective passenger transport by bus and coach and hopefully even taxis over time.

Excellencies, Ladies and Gentlemen,

In this time of economic crisis, allow me to conclude by expressing the satisfaction of the entire IRU Membership that EU governments and the European Commission have reoriented priorities towards economic growth.

Alone we can do nothing! But by “working together for a better future”, we can deliver economic growth and thus realise all of our common economic, social and environmental objectives.

Thank you for your attention.

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