



The Future of Transport

ACEA comments in view of the publication of the Commission's Communication in June 2009

March 2009

The main elements that the Commission should be taking into account when setting a vision for the Future of Transport

- 1. The current economic context, the uncertainty of how recession will develop over the years and its impact on transport**
- 2. The close link between transport and economy should be further put forward**
- 3. Policy must be based on a cross-modal understanding of the whole transport system rather than on a modal approach**
- 4. Fleet renewal is key for bringing pollutant emissions close to zero**
- 5. An integrated approach is needed for reducing CO2 emissions, including a fiscal policy that does not lead to market fragmentation**
- 6. Further infrastructure investments can no longer be delayed**
- 7. Good statistics are indispensable for a sound transport policy**
- 8. A better impact assessment has to be the basis for future initiatives as part of the better regulation agenda**

ACEA, the European Automotive Manufacturers Association, very much welcomes that the Commission starts preparing the vision for the future of transport now that the ten year period of the 2001 White Paper on Transport Policy setting the transport guidelines is coming to an end. ACEA looks forward to the publication by the Commission of a Communication on the Future of Transport in June 2009 and hereby submits to the Commission its contribution to the debate.

Commission's consultation procedure

According to the Commission, the content of the June 2009 Communication would be made by various contributions coming from (a) the TRANSvisions 2050 Study (not yet released), (b) an evaluation study analyzing the performance of the Transport Policy in reaching the objectives of the 2001 White Paper and its 2006 mid-term review (not yet released), (c) a report on the drivers of transport activity (the Focus Groups' Report) and (d) the stakeholders' comments.

However, ACEA regrets that the only background, written document currently available (March 2009) is the **Focus Groups' Report on the Future of Transport of 20 February 2009**. Whereas the report has the merit of summarizing a number of transport-related important topics, it is a mere compilation of more or less accurate facts (for ACEA detailed comments on the Report, see attachment). We believe that reflecting on the **Future of European Transport deserves a much more scientific approach**. Ideally, stakeholders should have been given the possibility to comment on the TRANSvisions 2050 Study, which was supposed to develop, by using a scientific methodology, a set of long-term scenarios for transport and mobility in Europe. Moreover, stakeholders would have appreciated having access to the Commission's evaluation study analyzing the performance of the Common Transport Policy in reaching the objectives laid down in the 2001 Transport White Paper and its 2006 mid-term review.

Despite the very few discussion material that has been made available by the Commission, ACEA is putting forward general comments on the Future of Transport Policy, and looks forward to a more informed consultation procedure before the publication of a new White Paper on Transport Policy in 2010.

The main elements that the Commission should be taking into account when setting a vision for the Future of Transport

1. The current economic context, the uncertainty of how recession will develop over the years and its impact on transport

We are facing an unprecedented crisis that is twofold in nature: financial (a drastically limited access to credit) and economic (a dramatic drop in demand). Two months into the year 2009, the European market of new registrations of **passenger cars is down 22.6%** compared to January-February 2008 and European registrations of new **commercial vehicles contracted by 37.2%**, reflecting a significant drop in demand for all four categories: -37.4% for vans, -40.5% for heavy trucks, -38.4% for trucks and -17.4% for buses and coaches. The crisis had not been anticipated and nobody knows exactly how long it will last and which will be its actual impact on the economy and on transport in particular. But there is no doubt that it will have one and that the initial EU expectations of a **GDP growth close to 2% per year are no longer valid**.

2. **The close link between transport and economy should be further put forward**

Transport must be seen a part of the European sustainable growth and competitiveness. The 2006 mid-term review of the Transport Policy White Paper of 2001 showed a more positive approach to transport issues in general than in the past, but did not fully recognized the importance of **road transport**, which fulfils and **will be fulfilling such an overwhelming majority of the transport needs of companies and individuals in Europe**. The Commission should base its policy on a much more positive approach to road transport.

Moreover, the **Commission** must help improving the image of the **transport sector** in general and road in particular **by highlighting the benefits it brings to the society and its direct link to GDP indicators**. All efforts should be made to avoid burdening the sector with additional taxes and charges.

3. **Policy must be based on a cross-modal understanding of the whole transport system rather than on a modal approach**

A general Commission's perception seems to be that all modes of transport compete with each other; **the fact is that some modes are in competition for transport of certain commodities but in general modes are complementary**. One way of identifying which modes are in competition and which are complementary is to look at the value of the goods that are transported by the different modes. Existing analysis of transport within EU demonstrate that the value of the goods is the main criteria for the selection of the mode to be used.

Despite the introduction of the principle of co-modality in the mid-term review of the Transport Policy White Paper of 2001, there is still a continuous reference to "modal shift" in EU documents and initiatives. **The wrong belief that some modes are by default better from an environmental point of view** than others is at the origin of such a "modal shift" approach.

In freight transport, the reality is different and to a great extent it depends on the utilization of its maximum capacity, which depends on the volume and the weight of transported goods, the need for loading and unloading, the density of its network, source of energy, energy need loaded compared with unloaded and specific needs with respect to the commodity to be transported.

Regarding the transport of passengers, Individual and collective transport offer different services and therefore fulfil different needs. They are not, as to often assumed, communicating vessels. Public transport plays without any doubt a crucial supportive role, mainly on mainstream routes. Its role can be enhanced if its service is further adapted to the needs of its users (comfort, flexibility, modal integration, etc.). A forced

modal shift policy based on traffic restrictions and increased costs for individual transport will lead to a high loss of welfare without the expected benefits for mobility and quality of life.

We firmly believe that **the Commission has to avoid addressing transport policy on the basis of “modes of transport” but on the basis of “efficient transport”**. Contrary to a wide spread belief that goes back to the 2001 White Paper, modal shift is suitable from an environmental point of view in some very specific cases, but it is neither possible nor suitable in the majority of the traffic flows. It is not acceptable that the European Transport policy is based on the assumption that some modes of transport would be, by definition, more environmental friendly than others and should therefore be given preeminence over the others.

The Commission must encourage the transport sector being more innovative with the tools that it already has today. It has to promote that transport providers, and rail transport providers in particular, further incorporate in their business culture the principle of “customer service provider” instead of the one of “modal operator”. In road transport, an EU wide application of the **“modular concept”** that was introduced in 1996 is likely one of the the **most cost-effective ways to address all the different concerns, including CO2 emissions, congestion and co-modality**. It might now be opportune to seriously explore this modular concept for Europe, leaving aside some national interests that may risk harming the general interest of the whole EU.

4. Fleet renewal is key for bringing pollutant emissions close to zero

Pollutant emissions from road transport have been drastically reduced in the recent years and further progress will be obtained thanks to the new vehicles’ compliance with the upcoming Euro emission standards.

One car in the 1970s produced as many pollutant elements as 100 cars today. Compared to 1992 standards, EURO VI emission levels will reduce NO_x and PM emissions of commercial vehicles by 95% and 97% respectively.

With the beneficial effect of fleet renewal, the issue of air quality will lose importance over the years. Actions promoting the renewal of the existing fleet should be part of any future policy aiming at providing a sustainable transport system.

5. An integrated approach for reducing CO2 emissions, including a fiscal policy that does not lead to market fragmentation

The greatest environmental issue for road transport remains the reduction in CO₂ emissions. Great progress has already been made –partly offset by an increase of the traffic flows- and will continue to be made, mainly driven by competition and market

demand. The increased diversity of fuels and power trains is also changing the situation. CO2 emissions from new passenger cars have been reduced by 14% since 1994. CO2 for a typical European 40t-truck has been reduced by 20% over the last 20 years **Besides technology, it will be imperative to address all the ways for reducing CO2 through driver/consumer behaviour and infrastructure, the so-called “Integrated Approach”**.

(a) driver/consumer behaviour

as important as technology is consumer behaviour, such as the choice of the vehicle, which has a strong link to affordability, eco driving and fleet renewal. Fiscal policy has an important role to play in indicating behaviour to consumers. The current fragmented approach across Europe is indeed ineffective.

(b) infrastructure

improved road infrastructure also offers significant potential for reducing CO2 by enhancing journey efficiency. Changes in fuel distribution infrastructure need to be supported where there is the potential to reduce CO2 emissions.

(c) vehicle technology

There will be an increased diversity of fuels and power trains in the market as innovations are made by energy suppliers and vehicle manufacturers to reduce CO2. The European automotive industry is developing and investing in many technologies at the same time. It is impossible to say today which technology will prove to be the most viable. Most likely, the future will see a number of technological combinations entering the market, perhaps tailored for different usage, driving locations or circumstances and consumer preference.

Alternative fuels can significantly help reducing CO2 emissions from vehicles. Manufacturers have developed and adjusted engines for different kinds of alternative fuels. But now these alternative fuels **will have to be developed and made available on a much larger scale** and for this, action from fuel companies and public authorities is needed.

6. Further infrastructure investments can no longer be delayed

Europe’s transport infrastructure, especially its road network, is falling behind what is required for a modern economy. This is mainly due to lack of investment. This has contributed to bottlenecks and increased congestion and CO2 emissions. **Spending on road infrastructure has fallen to dangerously low levels** and this is one trend that must be reversed, especially against the background of a further ageing road infrastructure and the need for increased maintenance. Europe should be funding key transport projects that will not only modernise Europe’s infrastructure, but will also help reducing negative environmental impacts and will create millions of jobs by developing existing, new and smarter infrastructure, especially road. Europe should not be lagging behind other leading economies: it needs more Community funding for key transport projects. This is

particularly so in view of the huge contribution that transport, and road in particular, has made and will still be making to the tax revenue of the Member States.

7. Good statistics are indispensable for a sound transport policy

Future policy must be developed on the basis of appropriate, comparable and reliable data, both on passenger and goods transport at EU level, in particular:

- on congestion;
- on purpose, origin and destination of passenger transport;
- on goods' weight, type of commodity and value by mode.

8. A better impact assessment has to be the basis for future initiatives as part of the better regulation agenda

The full impact of future legislation in the transport sector must be properly assessed during policy formulation within the Commission and before implementation as part of the better regulation agenda. Legislation that has not been properly impact assessed can have a detrimental and often unforeseen impact that can work against the competitiveness of Europe and the thrust of EU legislation.

About ACEA

The ACEA members are BMW Group, DAF Trucks, Daimler, FIAT Group, Ford of Europe, General Motors Europe, Jaguar Land Rover, MAN Nutzfahrzeuge, Porsche, PSA Peugeot Citroën, Renault, Scania, Toyota Motor Europe, Volkswagen and Volvo.

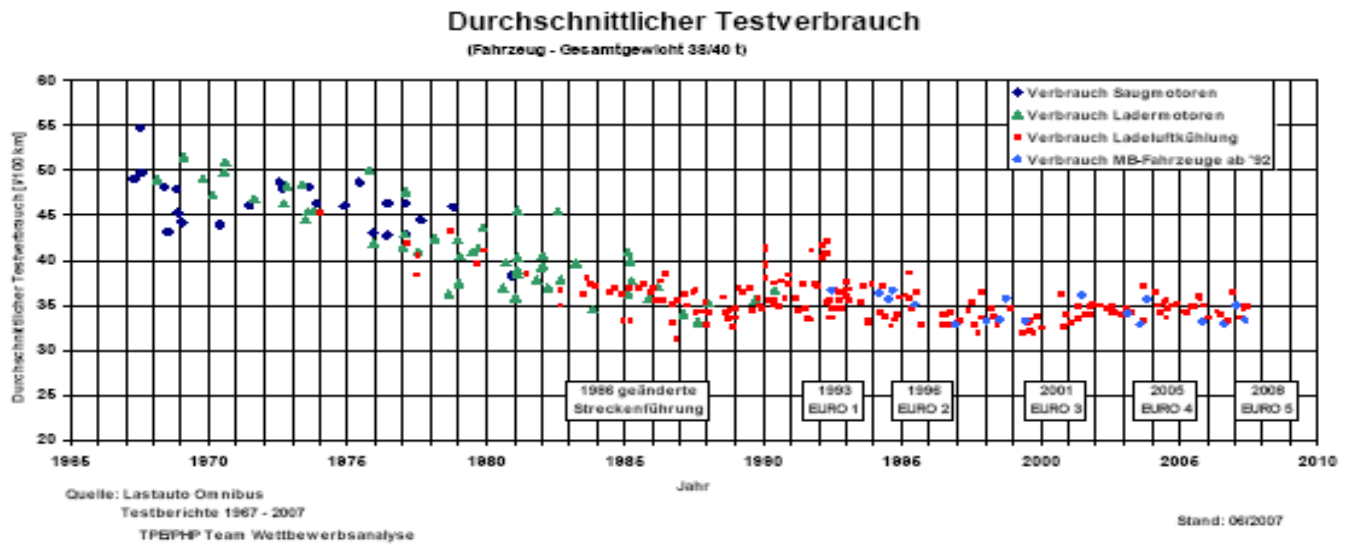
The Future of Transport

Focus Groups' Report*, 20.02.2009

Comments

paragraph 20: the figure of 1% for road congestion as a share of the EU GDP is highly questionable. In its 2001 White Paper, the Commission announced a figure of 2% of GDP. The UNITE report announces for France a figure of 3.5% of GDP. In its Green Paper on Urban Transport, DG TREN writes that congestion in cities represents 1% of GDP of cities, i.e. the same figure as for the whole European Union. Other studies (R. Prud'homme) demonstrate that in cities with congestion charges (London or Stockholm), the cost of congestion can be easily evaluated. It represents 0.1% of the GDP of the charged area. In this very uncertain context, a priority for the Commission in the coming years should be to measure congestion and to assess its cost more precisely. We note the complete absence of data on the costs of rail services scarcity. Is there any reason for such an omission ?

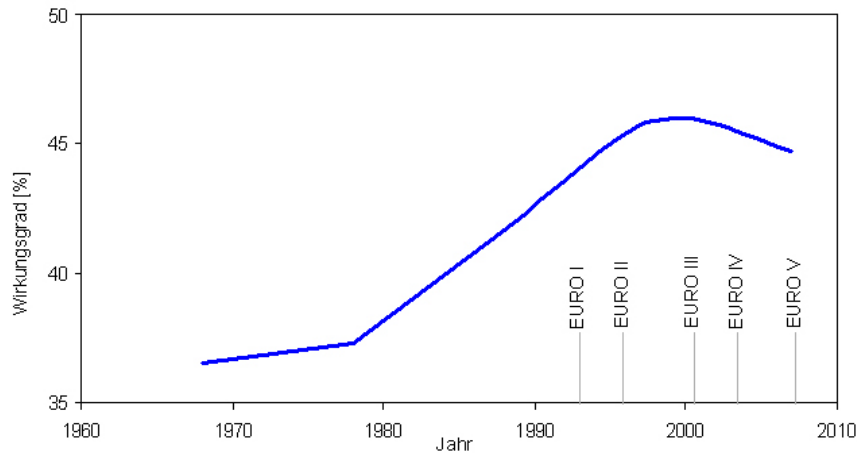
paragraph 22: the statement "only minor improvements (*in energy efficiency*) have been observed in road freight transport" is highly incorrect. Indeed, energy efficiency from trucks has improved by an annual 1% since 1990, despite the continuous evolution of the density of the goods transported (less weight, more volume) and despite the perverse effect that EU regulations of pollutant emissions (air quality) have on CO2 emissions.



Indeed, as the graph shows, engine efficiency development is offset by stringent NOx emission requirements.

Fuel consumption – Complete Vehicle GCW 38/40 tonne 1966-2008

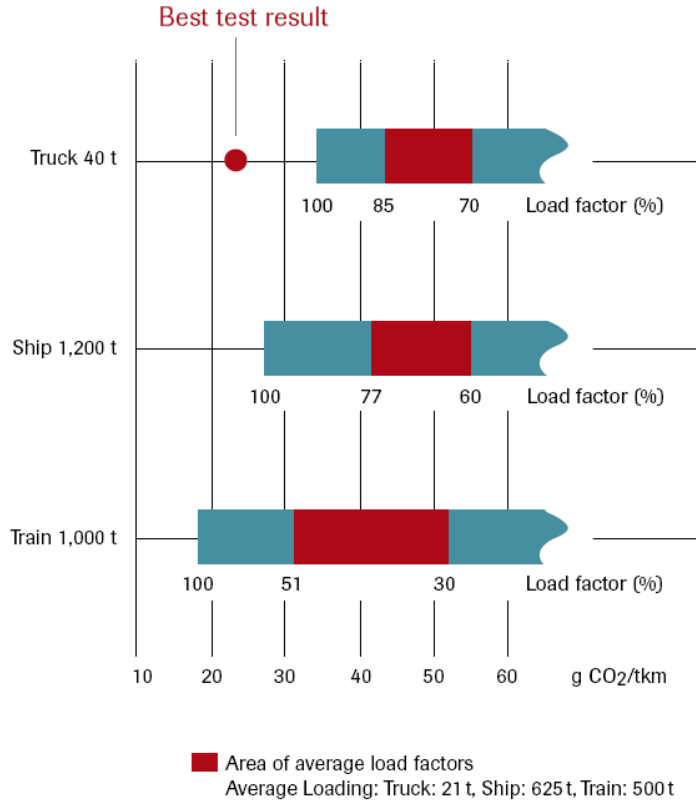
Entwicklung des Wirkungsgrades von Nutzfahrzeugmotoren



* The Focus Groups' Report is available under http://ec.europa.eu/transport/strategies/doc/2009_future_of_transport/2009_the_future_of_transport.pdf

paragraph 50: rightly notes that the CO₂ intensity of the various modes of transport depends on the loading factor/occupancy rate, the weight and the speed of the vehicle, the fuel used and the distance covered, and shows a graph comparing the CO₂ intensity of the various modes in passenger transport.

It would have been important to include a graph regarding freight transport too, based on average utilization, which shows that the CO₂ emission value per ton-kilometre for a heavy truck is close to the values of other modes when all modes are compared at their normal capacity utilization.



paragraph 51: see comment for paragraph 22, and also note that the rise in transport activity is directly linked to the rise of GDP which in turn has a direct positive impact on the EU economy and competitiveness.

paragraph 52: for the purposes of the report it would have been interesting to compare not only fuel efficiency of cars in the EU, Japan and the US, but also fuel efficiency of trucks.

paragraph 55: the graph showing the evolution of air pollutants from transport refers to the period 1990-2005, but it would have been more useful if referred to the expected evolution of air pollutants from transport. Indeed, as put forward by the Commission's TREMOVE model, the long term effect of the EU regulations on pollutant emissions (Euro emission standards for cars and trucks) will have a very positive effect on the air quality, bringing pollutant emissions close to zero.

paragraph 57: why does it start mentioning all modes but then it refers to road traffic noise only ? Regarding road transport, a distinction between passenger cars and commercial vehicles may have provided a better structure to the debate, as well as including a reference to two-wheelers.

paragraph 84: it would have been helpful to consider which would be the additional value/impact on fuel efficiency of Galileo compared to the GPS already in place.

paragraph 87: it would have been interesting to note that hydrogen is as clean as the way in which it is produced.

paragraph 89: to what extent can the Commission base its June 2009 Communication on this report if the report itself notes that the scenario it presents is not probable and the future may look very different to what the report presents ?

paragraph 90: in view of the current economic recession, to what extent is still valid that "...in Europe, GDP is expected to grow at 1.7% per year, or possibly close to 2% assuming the successful implementation of structural reforms (the Lisbon agenda)..." ?

paragraph 100: the use of the expression „polluter-pays“ principle is no longer relevant in this context (investments and maintenance of infrastructure) and should be replaced by the expression “user-pays” principle. Indeed, pollutant emissions from engines complying with the most recent Euro emissions standards are close to zero.

paragraph 101: the statement „insufficient funding for maintenance and major repair could lead to a reduction in capacity of certain road stretches in the form of speed reduction and/or restrictions on HGVs...“ in not acceptable. The principle of reduction of traffic as an alternative to infrastructure shortage or the idea of prioritizing mobility of citizens (passenger cars) over freight (commercial vehicles) cannot be endorsed by the Commission.

paragraph 104: it is important to point out that this statement refers to trains and ships mainly, but not to motor vehicles, whose life span is rather short compared to other transport modes vehicles.

paragraph 106 and 179: the statement "many cities might have to find radical ways of dealing with congestion" seems inconvenient in terms of sustainability and its three pillars, namely economy, social and environmental. Radical measures are likely to have negative effects on mobility for people and goods, and the cost-effectiveness of such measures (low-emission zones, congestion charges...) has to be well assessed before being implemented

paragraph 113: it is recommended clarifying the last sentence by adding „...for fuels“ at the end.

paragraph 121: “longer, bigger and more energy efficient vehicles“ is applicable not only to rail freight, but also and mainly to road freight, where the EMS is already in use in several Member States.

paragraph 130: see comment for paragraph 89.

paragraph 131: the major fluctuations mentioned are already there –is not the current recession a major fluctuation that is having a strong impact on the stability of the economy?- but the document, dated 20.2.2009, does not even mention it !!

paragraph 138: a very cautious approach when referring to „modal shift“ is recommended. The belief that some modes are by default better from an environmental point of view than others is at the origin of such a “modal shift“ approach. The reality is different and to a great extent depends on the utilization of its maximum capacity, which depends on the volume and the weight of transported goods, the need for loading and unloading, the density of its network, source of energy, energy need loaded compared with unloaded and specific needs with respect to the commodity to be transported.

The paragraph should also include “better use of the existing infrastructure“ to the list of available solutions.

paragraph 142: the competition between passenger and freight transport is an issue not only in the railway sector, but in the road sector too.

paragraph 157: it would be recommended adding that the internalization of external costs in transport has to comply with certain criteria in order to be acceptable:

- equal treatment to all modes of transport;
- the level of the charge should be fair and based on scientifically measurable costs;
- that the charging system be as simple and transparent as possible;
- that revenue collected should be hypothecated for reducing the external cost for which the charge has been paid;
- that the charges be revenue neutral (including the not inconsiderable cost of the equipment necessary) by reducing or removing other taxes or charges;
- that the calculation of charges take into account all externalities, positive and negative, including the benefits that transport brings to the society.

paragraph 159: however, the elasticity is very rigid and consequently the potential for modal shift is limited, as the choice of a transport mode mostly relies on a number of factors such as quality, reliability, safety, security, comfort...

paragraph 161: the actual reason for ETS being considered for application to maritime and aviation rather than for road transport is not because it “is hard to monitor and administer“ but because fuel in the road transport sector is already heavily taxed, whereas fuels for maritime and aviation are not.

paragraph 162: the high energy efficiency of vehicles in Europe compared to the rest of the world is not "largely due to the high taxation of fuel", but rather due to shared efforts by all involved actors (integrated approach) with fuel taxation being only one of the tools among innovation on vehicles and fuels, regulation, etc. and specific transport needs in Europe (relative shorter distances, GCW (gross combination weight) of vehicles, different drivers' habits...)

paragraph 163: there are not modes that are, by definition, less polluting than others: see comment on paragraph 138.

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