

A genuine European Single Transport Area: the key to unlocking a sustainable future for transport, express and logistics

Comments on the European Commission's White Paper on a Sustainable Future for Transport Policy

The European Express Association (EEA) industry generally welcomes the Commission's White Paper on a roadmap to a Single European Transport Area (hereafter the 'White Paper'). By fully acknowledging that sustainability and competitiveness go together and recognising the key role of technology in achieving a more efficient and greener transport, the White Paper forges an ambitious policy framework which should enable the transport and logistics sector to increase both the competitiveness and sustainability of Europe's entire industrial base. The express industry has always stressed the **importance of completing the Single Market for all transport modes** and appreciates the Commission's plans in this respect. In addition to the **completion of the Single European Sky and the liberalisation of road cabotage**, initiatives which aim to **increase airport capacity** are crucial to express operations.

The **internalisation of external costs of transport** is a principle that needs to be implemented in a **balanced and non-discriminatory** manner and express companies welcome the Commission's objective to proceed with the internalisation of external costs for **all modes of transport**. This should apply equally to freight and passenger transport, unlike the recent revision of the Eurovignette Directive. In 2008 passenger transport emission levels accounted for 60% of GHG compared to 40% for freight transport. The Commission should also refrain from proposing new legislation where Member States can pick and choose between users and elements and refuse earmarking as in the current legislative proposal. This will impede harmonisation and lead to higher costs for industry to respond to individual aspects of Member State implementation.

Reaching **CO2-free city logistics is a visionary objective**, which could be attained through new delivery solutions or by allowing energy-efficient vans to use bus, taxi and carpool lanes. These solutions require strong collaboration between industry and local authorities from the outset and hold the potential to be far more efficient in reducing congestion and emissions than additional regulation.

By agreeing to have **'a fresh look' at maximum weights and dimensions of road vehicles**, the Commission is also making the right move towards the greater use of long truck combinations (European Modular System, EMS). With significant frequencies and volume on a determined hub to hub network, express companies see EMS as a way to significantly reduce congestion, fossil fuel use and exhaust gas emissions. Going forward, cross-border as well as national trials should be encouraged as a means to evaluate the effects of EMS.

The European express industry would however like to convey **reservations on the targets for 2050, which seem quite uncertain, unrealistic and vain to predict**. In particular, we have **strong reservations on the stated goal of shifting 30% of road freight over 300 km to rail and waterborne transport by 2030 and 50% by 2050, as well as on the assumption that air freight would be limited to intercontinental operations only**. Imposing a modal shift, without the availability of a competitive and efficient rail alternative, has never delivered results in the past and it is with regret that the express industry sees the Commission take a step back on this. With their unique business model of next day delivery, which

responds to a specific economic demand, **express companies remain committed to a truly intermodal approach, whereby they retain the possibility of choosing the best combination of modes to satisfy their customers' service demands.** Modal shift is only possible if competitive solutions exist as alternatives. Furthermore, **air freight** should not be reserved for long-distance and intercontinental operations only. A next day delivery service requires that above a certain distance, intra-European express shipments will still need to be transported by air even if a competitive high speed rail alternative would exist at some point in the future. In this regard, waterborne transport is not an option for next day delivery services.

The core network of multimodal freight corridors should be developed on the basis of TEN-T projects reflecting trade lanes and the market demands. It should work as a **single entity**, including intermodal infrastructure, intermodal platforms and equipment and ITS solutions. Investments should be based on a **cost/benefit analysis** and not on national considerations. Where new infrastructure is required, funding should be concentrated on **improving the existing infrastructure** by removing bottlenecks and filling in missing links.

To forge momentum on green logistics, **a standard, EU-recognised methodology needs to be developed** for calculating the carbon footprint of transport and logistics operations to avoid a proliferation of national approaches.

The EEA welcomes and supports EU efforts to **trade facilitation and open market access.**

The express industry is, therefore, satisfied with the overall direction taken by the European Commission on the completion of the single transport market. Removing national barriers and bottlenecks is absolutely crucial to our business. We believe that co-modality, rather than modal shift, should remain the driving principle of tomorrow's European transport and logistics. Transport modes do not compete with each other and in general are **complementary**. One way of identifying which modes are complementary is to look at the type of goods that are transported, the distance to cover and related services offered by the different modes. These are the main criteria for the selection of the mode to be used.

Following the European Parliament resolution of 6 July 2010 on a sustainable future for transport and in light of Europe's broader sustainability targets for 2020, the EEA asks the European Parliament to take bold and tangible forward steps, setting achievable objectives for the next decade that aim to fully integrate European transport and logistics policy.

Members of the EEA, representing express delivery companies and associations, therefore, call for a future strategy for transport that:

- A. Completes Europe's single transport market, removes national fragmentation and promotes global integration**
- B. Simplifies customs and applies appropriate security procedures for the cross-border transport of goods**
- C. Achieves co-modality as a means to fully integrate transport modes**
- D. Incentivises new technological standards that stimulate sustainable transport practices**
- E. Adopts a global and balanced approach to internalising the external costs all transport modes**
- F. Keeps Europe moving in times of crisis**

A. Completing Europe's single transport market, removing national fragmentation and promoting global integration

The upcoming White Paper sets itself the objective of creating a *sustainable* future for transport. This can be genuinely achieved through the removal of fragmented national-level rules in four key areas:

- ▶ **Harmonising European airspace:** The realisation of a Single European Sky (SES) would have significant benefits on the efficiency and sustainability of express operations, leading to an overall CO₂ reduction of up to 12% for European aviation. The SES should therefore be achieved at the earliest opportunity. The development of SESAR should be funded by public money.
- ▶ **Ensuring smooth air operations:** Sufficient action should be undertaken to ensure that the existing Directive 2002/30/EC is applied in practice in order to avoid operating restrictions at individual airports not in compliance with the 'Balanced Approach' adopted by ICAO at its 33rd Assembly. EEA maintains that this needs to be done before a formal revision of the Directive concerned is proposed.
- ▶ **Liberalising Europe's road transport market:** Full cabotage liberalisation would allow trucks to load and unload anywhere in the EU and enhance the efficiency of European supply chains at reduced costs.
- ▶ **Creating a truly competitive rail freight market:** The liberalisation of the rail freight market must be enforced without delay. Fostering competition would also lead to an increase of rail freight service reliability, the lack of which significantly reduces the efficacy of rail for transport and logistics services.
- ▶ **Promoting global air transport liberalisation:** Global supply chain operations rely on worldwide aviation operations which allow rapid and business-critical deliveries to and from anywhere in the world. The express industry itself moves more than 6 million packages daily and operates and owns more than 1,200 aircraft. However, restrictions imposed on air service operations in the framework of bilateral air service agreements between countries create obstacles for global and flexible logistics business. The Commission should therefore continue to strongly promote liberalisation globally and in particular with third countries.
- ▶ **Liberalising the ground handling market:** In view of the future revision of the ground handling Directive, the EEA believes that the ground handling market should be completely liberalised. Studies and experience from other regions of the world show that competition brings quality, lower price and employment, without being detrimental to safety or security. In particular the EEA believes there should be a full liberalisation of the cargo area and/or the night operations where there are no demonstrated reasons for limiting the freedom to compete.

B. Simplifies customs and applies appropriate security procedures for the cross-border transport of goods

The growth in international trade, combined with the resulting growth in the number of shipments globally, raises extreme operational challenges for transport operators. This goes hand in with the ever-increasing pressure placed on express services as a result of the rapid growth in e-commerce and the ensuing demands placed on operators.

Therefore, in order to increase both business and environmental efficiency to meet this increasing demand from both European businesses and European consumers, the Commission must look to streamline the administration of transport operations by ensuring enforcement of the common European security and customs rules in the EU and by promoting harmonisation and mutual recognition of security and customs programmes globally:

- ▶ ***Ensuring full application of modernised customs clearance across the EU:*** Transport operations are impeded by complex, old-fashioned and poorly-harmonised customs clearance procedures throughout the 27 EU Member States. When the Modernised Customs Code (MCC) should have given the right momentum to bring customs processes into the 21st century, the benefit of its full implementation might well be delayed due to the difficulties in the enforcement of the harmonised rules across the EU. “Single windows” and e-customs should be clear priorities enabling paperless customs formalities to be carried out in a coordinated way and including a proper Electronic Data Interchange link between operators and customs authorities. Such measures will simplify customs clearance, boost efficiency and save time for supply chain operations. In order to ensure that the spirit of the MCC is reflected in the implementing provisions adopted by the Commission and Member States, the EEA support the extension of the current deadline for the application of the MCC implementing provisions to 1 January 2016 to ensure that Member States and businesses have enough time to implement fully the Code.
- ▶ ***Finding the right security balance:*** A balance must be found between security procedures and flexible time-sensitive logistics operations. Common proportionate and threat based security measures at European and at national level will make logistics operations secure without creating delays or threatening business models and will, in the end, support European competitiveness. The EEA believes that it is necessary to examine the impact of the security measures already imposed on all modes before adding new appropriate and efficient measures. The self-regulatory security schemes of individual companies should also be taken into account. Higher national security measures above EU harmonised measures should only be possible when there is a justified heightened threat at a country level and they should be directly financed by the State concerned.
- ▶ ***Providing tangible benefits to “Authorised Economic Operator”(AEO):*** Trade facilitation benefits are deemed essential to make AEO a status that supply chain partners recognise not as an accreditation allowing them to continue their usual business with added costs, but one that will bring them substantial improvements and facilitation gains above and beyond the normal procedures enjoyed by non-AEO operators. No new security certificate is necessary when AEO aims to ensure security for the entire supply chain.
- ▶ ***Harmonisation and mutual recognition of customs and security programs between the EU and third countries:*** Harmonised standards across the EU, like the “Authorised Economic Operator” Programme for instance, will also lead to the acceptance of EU security and customs controls by

third countries, leading to 'one stop security' thus avoiding time in transit delays and significant additional cost through the duplication of inspection controls.

C. Promoting co-modality so as to integrate the different transport modes

EEA members use the most efficient transport modes that ensure the timely delivery of their customers' goods. Whilst express services are usually provided by a combination of air and road, other modes, such as rail transport, can be considered assuming the service requirements of express customers are met.

- ▶ ***Continuing the focus on the co-modality principle:*** The EEA fully supports the Commission's efforts to promote co-modality in transport operations and to ensure that the interconnections between different modes of transport run as efficiently and smoothly as possible. The Commission has a key role to play in making all modes of transport more flexible and easy to use and more suited to a genuinely co-modal European transport system.
- ▶ ***Reducing transport infrastructure bottlenecks:*** The Commission should encourage Member States to invest in the upgrade of their transport infrastructure to reduce bottlenecks. Investments for transport infrastructure should be concentrated on major transport corridors and decided on the basis of a cost/benefits analysis to ensure the best use of national and EU money. Air transport should be included in transport infrastructure projects, including the Green Corridors, to enhance efficient connection between airports and other modes when justified (e.g. rail connection at airport). Regarding airport capacity, the EEA does not agree with the argument put forward by the Commission that a revision of the slot Regulation can increase airport capacity.
- ▶ ***Enabling efficient city logistics solutions:*** Congestion and road safety issues equally hinder the efficiency and effectiveness of the express industry's operations in city centers. The express industry therefore encourages measures that can reduce congestion and improve road safety, provided they are put in place after a prior impact assessment and after consultation with all stakeholders including the express industry. Given the importance of the express industry for the economic viability of inner-cities, such measures should improve the accessibility of, and mobility within city centers for delivery vans (for example, by allowing our vans to use bus, taxi and carpool lanes).

D. Incentivising new technological standards that stimulate sustainable transport practices

Technological solutions and standardisation in Europe must form a central pillar in Europe's new vision for transport. New technologies and standards have the potential to significantly improve the efficiency and sustainability of transport and logistics:

- ▶ ***Promoting the use of European Modular Systems:*** The express business has the particularity to have significant frequencies and volume on a determined network, for instance between air hub and road hub. The use of the European Modular System (EMS) or Ecomobis for such hub to hub operations for instance on suitable road infrastructure and on trans-border routes would have the effect of significantly reducing congestion, fossil fuel use, and exhaust gas emissions. Cross-border as well as national trials should therefore be encouraged as a means to clearly demonstrate the positive effects of EMS.

- ▶ **Developing interoperable technology:** Developing ICT applications is also crucial for facilitating express operations. Especially for city logistics, traffic management communication technology should be promoted to enable improved interactive communication with municipal traffic directing centres. As an example of this, delivery vans and small trucks could be allowed to register for using specific loading zones. Systems could be developed that allow vehicles to react to sudden congestion situations. This could be made possible through the concerted linkage of new vehicular technologies with innovative approaches in logistics and traffic management. Interoperability of ICT applications and ITS should be ensured in order to avoid new national and even local trade barriers due to the multiplication of technology standards unable to communicate with each other.
- ▶ **Providing incentives and funding to adopt new technology:** Incentives at both EU and national level should be encouraged for applications, technologies and solutions that enable a reduction in energy consumption but cost more than conventional alternatives. For road transport, this should be designed to stimulate investment in EURO VI vehicles, aerodynamics features for vehicles, ITS devices and electric and hybrid trucks and vans. Incentives can be both financial (for example, credits with low interest rate or subsidies) and in-kind (for example, allowing the use of bus lanes for energy efficient express vehicles). The European Investment Bank should also open funding streams for investment in new aircraft.

E. Adopting a global and balanced approach to internalising the external costs all transport modes

Addressing the external costs of transport is a key future priority of the European Commission. This priority should however remain secondary to the creation of a true internal transport market for all transport modes. The later would have the greatest positive impact on both the sustainability and competitiveness of transport.

Any future measures regarding the internalisation of external costs should concentrate primarily on a “balanced approach”. In essence this means:

- ▶ **Providing a holistic policy approach:** All future policy measures must be accompanied by careful impact assessment with full consideration of the specificities of freight transport in comparison of passenger transport. In this respect all measures already in place for reducing the external costs concerned (e.g. fuel taxes, tolls, VAT, road taxes, etc.) should be clearly identified in order to avoid transport operators paying twice for the same external cost.
- ▶ **Focusing on incentives rather than penalties:** Promoting sustainable transport operations is crucial for the development of express logistics. Express operators are committed to reducing the environmental impact of their operations by using, for instance, more energy efficient vehicles and aircraft. In this regard, future policies should encourage and reward companies that take action rather than simply focusing on penalties and taxes. For example, funds of the Marco Polo programme could be made available to operators who succeed in reducing their external costs.
- ▶ **Dealing with the causes not the symptoms of inefficiency:** The future EU policy agenda should not penalise operators for the external costs caused by factors outside their control. This might include existing bottlenecks in infrastructures, the lack of efficient traffic management systems or regulatory restrictions applied to transport services. The focus of policy should primarily be on the underlying issues that create barriers to the introduction of more sustainable transport practices.

- ▶ **Promoting global solutions to global issues:** Worldwide solutions to issues such as carbon emissions and transport noise would have the most beneficial environmental impact, while at the same time avoiding distortions of competition. As a global standard setter, the EU should look to promote global regimes, in terms of, for example, aviation emissions and noise through internationally-recognised organisations such as ICAO.

F. Keeping Europe moving in times of crisis

- ▶ **Supporting an EU mobility plan in case of a crisis:** The EEA strongly supports current initiatives undertaken by the Commission to propose an emergency plan in the event of a crisis similar to the volcanic ash crisis in April 2010. This plan should not only address passengers' issues but also obstacles met by cargo operators.
- ▶ **Allowing for a temporary lift of operational restrictions:** The EEA would like an emergency plan to allow for a temporary lift of regulatory obstacles (e.g. airport night restrictions, customs procedures or night and week-end bans for trucks) to facilitate the use of alternative modes of transport and the full utilisation of remaining aviation capacity.

Conclusion

In conclusion, the European Express Association calls on the European Parliament to seize the opportunity presented by the upcoming White Paper to create a Single European Transport Area for all the modes. It is through this that a truly intermodal and sustainable future for European transport can be reached.

The European Express Association (EEA) is the representative organisation for the express industry in Europe. The industry specialises in time-definite, reliable transportation services for documents, parcels, and freight. It allows European business to rely on predictable, expeditious delivery of supplies, thereby enabling them to attain and maintain global competitiveness.

The express industry employs over 250,000 people across the EU and supports a further 175,000 indirect jobs in Europe through the supply-chain. The express industry's employees are widely spread across the EU, including over 12,000 in the 10 new EU Member States.

The express industry is a truly intermodal sector. Air-road and air-rail operations form an integral part of the industry's hub and spoke system. Our members use the most efficient transport mode to ensure the timely delivery of our customers' goods. This includes the use of aircraft, but also road vehicles and rail where possible. Express industry staff operate more than 20 000 collection/delivery vehicles and 4 000 heavy freight vehicles.