

24 March 2014

Business' priorities for the future of transport in Europe

KEY MESSAGES



- 1** Transport is a key pillar of the single market, allowing for the free movement of goods and people across borders.
- 2** The cost and efficiency of transport services and the quality of Europe's infrastructure networks directly affect trade flows, mobility and the competitiveness of European companies.
- 3** Companies are experiencing that Europe is not yet fully connected, which hampers business opportunities, fair competition and ultimately growth and job creation. Completing the Trans-European Transport Networks (TEN-T) is crucial in this respect.
- 4** Ensuring sufficient investments in future and existing infrastructure is therefore essential, establishing a solid foundation for transport in Europe.
- 5** Considering the impact on European competitiveness, challenges linked to investment and increased demand need to be tackled decisively with a clear vision for the future of transport in Europe; making transport more sustainable and future-proof while ensuring cost-effectiveness.

WHAT DOES BUSINESSEUROPE AIM FOR?



- A true single market for transport: the removal of remaining regulatory, administrative and technical barriers in all modes of transport.
- Holistic and realistic EU transport policy that supports a competitive and sustainable transport system benefitting the real economy.
- Improved interoperability of national transport networks, easing the process of integration and facilitating the emergence of multinational and multimodal operators. Promoting effective co-modality is key in this respect.

KEY FACTS AND FIGURES

The transport industry itself directly employs around 11 million people and accounts for 5% of EU GDP.

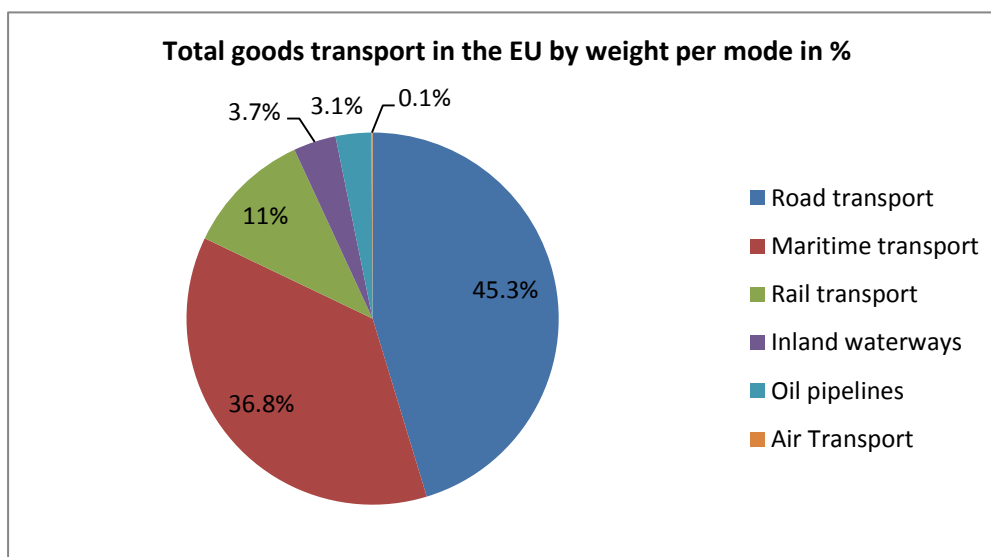
Logistics, such as transport and storage, account for 10-15% of the cost of a finished product.

The construction sector accounts for 9.1% of EU GDP and directly employs almost 15 million people.

- More focus on smart logistics and ICT solutions to improve transport efficiency. This includes better use and wider deployment of intelligent transport systems.
- Uniform and strong enforcement of existing transport rules. This starts with high quality implementation and correct application of EU legislation, based on the principles of smart regulation and ensuring an integrated approach.
- Ensuring a sufficient level of public and private investment, both at EU and national level, to be able to complete globally and maintain high quality infrastructure networks.
- An international level-playing field for transport services, based on common standards and practices.

⇒ Transport in Europe: the facts¹

In 2011, total **goods transport** activities in the EU amounted to about 3,824 billion tonne-kilometres.



In 2011, total **passenger transport** activities in the EU by any motorised means of transport are estimated to have amounted to 6,569 billion passenger-kilometres, which is on average around 13,060 km per person.

Passenger cars accounted for 73.4 % of this total, air transport for 8.8%, buses & coaches for 7.9 %, railways for 6.3 %, powered two-wheelers for 1.9 %, tram and metro for 1.4 % and intra-EU maritime transport for 0.6 % respectively.

¹ Source: DG MOVE, the European Commission – 2013 statistical booklet - these figures include intra-EU air and sea transport but not transport activities between the EU and the rest of the world.



24 March 2014

Business' priorities for the future of transport in Europe

CONNECTING EUROPE TO SUPPORT COMPETITIVENESS

1. INTRODUCTION

Transport is a key pillar of the single market, allowing for the free movement of goods and people throughout Europe and across borders. It is a sector where Europe is a world leader, in both manufacturing and transport operations. The transport industry itself accounts for 5% of EU GDP and employs around 11 million people, but its positive spill-over effects are much greater.

Transport networks should be seen as the veins of the EU economy and without them, trade would be impossible. In fact, the capacity of these networks determines the limits of trade. Furthermore, creating excellent connections for passengers is fundamental for the mobility of workers and citizens throughout Europe and therefore the creation of new jobs, opportunities and growth.

The efficiency of the different modes of transport (i.e. road, rail, air, sea and inland waterways) and the quality of the interconnections between these modes, directly affect trade flows and the competitiveness of European companies as users of transport services. Also, the compatibility and interoperability of national networks as well as logistics have a great impact on efficiency and therefore cost. Moreover, international accessibility is vital for securing European export flows to foreign markets.

Needless to say, the more efficient and cost-effective transport services are, the better it is for the EU economy. At the same time, however, **companies are experiencing that Europe is not yet fully connected**. Transport networks are not functioning optimally and interconnections especially across borders can be significantly improved. Shortcomings in terms of interoperability of the equipment and means of transport prevent logistics from being effective and more efficient. Remaining regulatory, administrative and technical barriers in all modes of transport need to be removed.

Furthermore, challenges linked to investment, increased demand, making transport more sustainable and future-proof while keeping it affordable need to be tackled decisively with a clear vision for the future of transport in Europe. Facilitating mobility is vital for growth and job creation, easing further integration and ensuring social inclusion, benefitting all Europeans.

With this strategy paper, BUSINESSEUROPE offers its views for a sound, realistic and competitive EU transport and logistics policy for the short, medium and long-term.

The position paper outlines some of the remaining bottlenecks to a true single market for transport and provides policy recommendations to address these obstacles.



2. MAIN CHALLENGES

- **Reducing the environmental impacts of the transport sector without damaging economic growth:** The 2011 Commission White Paper on transport sets ambitious goals, for instance proposing that by 2050 the transport sector reduces its greenhouse gas emissions by 60% compared with 1990. Care is needed when tackling the environmental challenges in the transport sector without sacrificing efficiency and compromising mobility. It is crucial that EU policy incentivises (not penalises) industry to take the right steps forward to develop a more sustainable and competitive transport system.
- **High energy prices and dependence on oil:** Transport has become more energy-efficient but in Europe the sector faces high costs for energy, also due to higher taxation in the EU than elsewhere. At the same time, the sector still depends on oil for 96% of its energy needs. Limitation of the tax burden and cost-effective and sustainable diversification of fuels and sources of fuels, including novel technologies, are essential components for building a more sustainable transport system in Europe.
- **A lack of cost-benefit analyses:** It is fundamental to base any policy actions to achieve more sustainable transport in Europe on reliable facts & figures and comprehensive impact assessments with competitiveness proofing as a key component of them. When the Commission sets targets and benchmarks to reduce transport emissions or goals of generally shifting road freight over 300km this remains of concern.
- **Overregulation:** There are already numerous European, sectoral and national rules impacting transport. However, the implementation and enforcement of these rules is often weak and lagging behind. This is for example the case with previous single sky and railway packages. Instead of developing new (so adding rules) or revising legislation to address remaining challenges, many obstacles or problems that hamper mobility can be resolved by better application of existing rules. Similarly, transport should not be integrated into the 2009 Ecodesign Directive to avoid double regulation. A reliable and competitive regulatory framework is a key success factor for commercial activities in the transport sector.
- **Investment:** Huge investments are needed to complete important trans-European transport networks and maintain the existing infrastructure. From 2000 to 2006, the EU invested €859 billion in key transport infrastructure such as roads, railways and bridges. Yet, the cost of EU infrastructure development to match the demand for transport has been estimated at over €1.5 trillion from 2010 to 2030. Also, infrastructure is unequally developed in the eastern and western parts of the EU. Decision-makers should design policies to make Europe more attractive as a place of investment for the transport sector.
- **Increased demand and congestion:** Congestion is a major concern for people, but also for companies. Congestion costs Europe about 1% of EU GDP every year. Moreover, freight transport activity is projected to increase by around 40% in 2030 and by 80% by 2050. Passenger traffic would grow slightly less: 34% by 2030 and 51% by 2050. At the same time, BUSINESSEUROPE fully supports the Commission stance that “curbing mobility is not an option”. Intelligent transport



systems can play a major role in reducing congestion, reducing CO2 and pollutant emissions while improving safety.

- **Retaining flexibility:** Companies must have the flexibility to choose their preferred mode of transport. It is important that a so-called *modal shift* is not forced against the free market because it may lead to significant losses in cost efficiency and put the competitiveness of European companies in danger. Transport modes compete with each other, but should also be seen as complementary.

In transport, the environmental performance of modes depends on a number of circumstances, such as geographical conditions, demography, general access to alternatives, its potential to utilise its capacity (which depends on the size and frequency of shipments), the need for loading and unloading (which depends on its door-to-door capability and on the need for storage and handling), the density of its network (which actually has a direct impact on transport distance), the source of energy used, share of empty runs and its energy needs and specific needs with respect to the type of commodity transported.

Therefore, legislators should refrain from regulating with the aim to promote a specific means of transport. Common principles for the internalisation of external costs, taxation and environmental regulations should be applied where appropriate for all modes in order to optimise the whole logistic system.

- **Reliability:** It is essential for industry to have access to reliable transport services. Unreliability can affect the supply chain and significantly increase costs for the freight and logistics industries. Further developing and applying ICT solutions and building on smart logistics systems will be key in this respect.

Transport affects everyone

- ⇒ The quality of transport services has a major impact on people's quality of life.
- ⇒ On average 13.2% of every household's budget is spent on transport goods and services.
- ⇒ Logistics, such as transport and storage, account for 10-15% of the cost of a finished product.
- ⇒ In London, 20% of commuters spend more than two hours a day travelling to and from work, which adds up to one working day a week. In Germany, 37% spend one hour a day commuting.
- ⇒ Congestion is costing Europe about 1% of EU GDP every year.



3. A VISION FOR TRANSPORT IN EUROPE

BUSINESSEUROPE believes that the further development of more competitive and sustainable transport requires an integrated and balanced approach taking into account economic, environmental and social aspects.

We believe that future EU transport policy should include the following 15 ingredients:

- 1) **Further market opening:** Generally, market opening and thereby creating more competition has led to more efficiency, improved mobility and lower costs. Promoting open and transparent (cross-border) public tendering is essential in this respect.
- 2) **Improving energy efficiency:** Improve the performance of all means of transport across all modes, for instance through the increased efficiency of engines, penetration of alternatively fuelled vehicles and the deployment of sustainable recharging/refueling points for alternative fuels, supported by an adequate funding framework that provides innovation incentives to achieve these goals.
- 3) **Reducing CO2 emissions:** When choosing the type of initiatives to reduce transport emissions, take into account that the development of sustainable and affordable transport requires a mix of initiatives to work in combination with each other (e.g. liberalisation, connecting infrastructure networks, energy-efficient and cleaner transport, ICT solutions, smart logistics, simplifying administrative procedures, adequate logistics planning, etc.).
- 4) **Using existing transport infrastructure more efficiently:** Including by the use of the latest traffic management and logistic information systems, lifting remaining restrictions and addressing persistent barriers. Also, optimise the performance of multimodal logistic chains by promoting the use of the most efficient mode for each specific step in the transport process.
- 5) **Creating the right conditions for effective co-modality²:** All modes of transport should be seen as complementary to each other, also when deciding about future investment projects. The outlined goal in the 2011 Commission White Paper to shift 50% of road freight over 300 km to other modes by 2050 (with no cost-benefit analysis) contradicts with the principle of a market-oriented policy and undermines the vision to create a true single market for transport. A forced modal shift would lead to efficiency losses and affects cost-effectiveness. Such a target does not take into account geographical differences, types of products or the transport solutions available.
- 6) **Investing in the networks of the future:** Investment in infrastructure should be increased, for instance via the Connecting Europe Facility, and take a more prominent place in policy-making. Ensuring high level public commitment in infrastructure investment, including sufficient funding at both EU and national level is crucial. However, European funds should not have any distorting effects on the

² Co-modality refers to the efficient use of different modes on their own and in combination, which will result in an optimal and sustainable utilisation of resources.



market. Indeed, a market-based approach shall remain the cornerstone of transport and energy infrastructure development. Furthermore, EU funds should be targeted at projects with significant European added value, such as cross-border projects.

- 7) **Making better use of smart logistics:** More focus on smart logistics and ICT solutions to improve transport efficiency. This includes the wider deployment of intelligent transport systems.
- 8) **Building on research and innovation:** Encourage research and innovation to achieve the progressive reduction of environmental impacts of transport, to realise economically viable alternative energy sources to oil (2nd and 3rd generation biofuels, synthetic methane, etc.), more fuel efficiency and lower CO₂ emissions. The development and investment in new as well as in existing technologies must be defined in a technology- and fuel-neutral way. Funding to bring low-carbon technologies forward is crucial in this regard and the EIB should play a bigger role here. At the same time, care must be taken not to direct resources into specific technologies too early and picking a “winner” at an early stage. Consequently, EU policy should aim for creating EU industrial leadership in energy efficiency and alternative transport technologies. Moreover, investing in research and innovation to achieve safer and smarter infrastructure networks is essential.

Horizon 2020 and the related joint undertakings such as Sesar, Clean Sky II and the Fuel Cells and Hydrogen Joint Technology Initiative are also drivers to make producers and transport undertakings in these fields invest together in tomorrow's vehicles, services, infrastructures and ICT solutions for transport.

- 9) **Fostering a skilled workforce:** Transport relies on a workforce that employers can deploy flexibly and with the necessary skills - acquired through a new training culture to manage increasingly complex legal, operational and safety-related requirements. This is only possible with a well-balanced regulatory framework, sufficient to protect employees but not so inflexible as to make the industry less attractive to drivers or companies less able to offer jobs. This is necessary for a competitive single European Transport Area.
- 10) **Guaranteeing minimum safety standards:** Safety is essential for all modes of transport and minimum standards and requirements should be upheld throughout Europe.
- 11) **Establishing coherent passenger rights:** General minimum passenger rights for all transport modes should be promoted to avoid the current patchwork of different level of passenger rights in the different modes that leads to legal uncertainty and additional costs.
- 12) **Designing smart regulation:** Rather than introducing new EU rules for every transport challenge, greater emphasis should be put on better implementation and application of existing legislation, genuine stakeholder involvement and evidence-based policy-making through comprehensive impact assessments. The same applies to the revision of existing legislation. Focus should also be put on creating high quality, understandable and controllable legislation that safeguards the predictability for industry.



- 13) **Ensuring uniform and strong enforcement:** Common controls and sharing of best practices in enforcement across Europe will support the regulatory framework, safety and provide legal certainty.
- 14) **Improving global competitiveness:** Ensuring an international level-playing field is essential to secure global competitiveness of each transport segment. This also entails better market access, fair competition and building on international standards. EU rules should not go beyond international agreements e.g. for aviation and maritime.
- 15) **Ensuring better coordination at EU level:** There is a strong need for a more coherent European strategy for transport in Europe. Currently, the main issues affecting transport are dealt with by different European Commissioners and Directorates General. The result is that policies often do not converge and are sometimes even at odds. There is a need for better coordination and cooperation at EU level fostering a result-oriented approach based on ambitious, but realistic targets.



4. SPECIFIC TRANSPORT SECTORS

4.1. Road transport

- Cost-effective and sustainable diversification of fuels, including alternative fuels, is an essential component for building a more sustainable transport system in Europe. Therefore, the Clean Fuel Strategy presented by the Commission in January 2013, which aims to put in place an alternative fuel infrastructure with common EU standards, is an important element for making the transport system more sustainable and provides a positive signal to national authorities and investors.
- The internal market for road is not yet fully complete, obstructing efficiency and environmental objectives. For example, weekend or inner city driving bans or overly burdensome customs procedures in some Member States can hamper a well-functioning internal market, leading to long traffic jams at borders. Intelligent transport systems should play a major role to increase the efficiency of road use, improve safety and enhance the environmental performance of vehicles.
- The Commission's CARS 2020 Action Plan of 2012 is the EU's response to the challenges faced by Europe's automobile manufacturers today. It rightly addresses several key issues that are fundamental for the automobile industry. It is urgent that its recommendations are now effectively and rapidly implemented.
- The removal of remaining restrictions on cabotage (allowing transport companies established in one EU country to carry goods within another Member State) in the medium-term could contribute to increasing efficiency and reducing the number of empty journeys. This includes the removal of national restrictions that are in conflict with EU law, introducing accompanying measures in the social and fiscal area where appropriate, as well as ensuring better enforcement.
- When it comes to the maximum weights and dimensions of trucks³, we urge that cross-border movements of larger and / or heavier trucks are allowed if, when and where competent authorities on both sides of the border agree on the conditions. This concerns for instance specific requirements for the vehicle, routes, infrastructure or the driver in order to assure an adequate level of safety, as well as compatibility with combined transport. Keeping in mind the benefits of the enhanced transport efficiency it is also necessary to take into account the potential negative impacts that these trucks may have on the infrastructure. In addition, impacts on other transport modes should be avoided and properly assessed.

³ For more info: [BUSINESSEUROPE's position on maximum weights and dimensions of certain road vehicles in the EU](#).



4.2. Rail transport

- Rail transport needs to be further opened to competition. This will lower prices for customers and costs for rail industry, promote innovation and improve quality. Therefore, we also support the opening up of passenger services to new entrants, both in commercial services, such as high speed, and public service obligations.
- First of all, existing rules need to be better applied: ensure better implementation of former Railway Packages to address remaining challenges - such as diverse national requirements - for access of foreign rail freight providers to national networks.
- The 4th Railway Package⁴ that is currently being discussed presents a number of important proposals that can improve quality and reduce costs of railway services in Europe and can contribute to creating a true single market for transport. BUSINESSEUROPE urges policy-makers to quickly finalise the technical pillar of the proposal, and then make swift progress on the political part of the package.
- When removing remaining barriers and further opening up to competition, it is fundamental to also ensure a level-playing field between Member States during the transitional period until the EU market is fully liberalised. This is necessary to avoid a distortion of competition between railway operators. It is also important to consider this vis-à-vis companies coming from outside Europe.
- To improve interoperability, clear and transparent requirements are needed, harmonised as much as possible at European level and implemented similarly across the EU. To that end, it is critical to empower the European Rail Agency as a *one-stop-shop*, issuing EU-wide rolling stock authorisations for manufacturers and safety certificates for rail operators.
- Improving rail (freight and passenger) services throughout Europe also requires increased and continuous investments in infrastructure. Therefore, it is key to ensure that sufficient resources under the umbrella of the Connecting Europe Facility are allocated to investments in rail infrastructure, as well as infrastructure for other modes.
- As we do for the use of longer and heavier trucks in road transport and in view of the new TEN-T standards (aiming at 750 metres for freight trains) for the core network, we appreciate the open discussions on the length of freight trains. We encourage rail infrastructure managers and rail operators to sort out where improvements are most worthwhile and can be achieved at reasonable costs in the years to come.
- For the competitiveness and sustainability of the rail sector, it is essential to have good connections with ports and airports but also with inland waterways.

⁴ For more info: [BUSINESSEUROPE's position on the 4th Railway Package](#).



4.3. Air transport

- EU airports and airlines currently employ 670 000 people, while some 3.2 million people depend directly or indirectly on the air transport sector.
- BUSINESSEUROPE welcomes the Commission's analysis of fierce competition in international aviation in its Communication on external aviation policy of September 2012. Europe-based companies are at a competitive disadvantage internationally if their production costs are higher than those of competitors. Hence, it is of utmost importance to avoid any fiscal and regulatory burden that increase unit costs disproportionately more for European companies than for international competitors.
- According to the latest Commission estimates, there will be 14.4 million flights by 2035 in Europe, 50% more than in 2012. Therefore, effective coordination and management of European airspace is key to ensure the safe and cost-efficient flow of air traffic, thereby minimising fuel usage and costs, carbon emissions and flying times.
- Despite previous single sky packages, European airspace remains fragmented in practice, also due to the lack of implementation of these packages.
- At a time when European airlines are already facing tough global competition, current inefficiencies bring extra costs of close to €5 billion a year. It adds 42 km to the distance of an average flight forcing aircrafts to burn more fuel, generate more emissions, pay more in costly user charges and suffer greater delays. For comparison, the United States controls the same amount of airspace, with more traffic, at almost half the cost.
- In this context, BUSINESSEUROPE supports the Single European Sky 2+ Package⁵ proposed by the Commission in June 2013. The package can further reform Europe's air traffic control system to make it more efficient and future-proof. This is not only important for airports and airlines, but also for the wider economy and European companies and citizens as users of air transport services. BUSINESSEUROPE urges policy-makers to find and agreement on the package quickly.
- Swift implementation of the Single European Sky 2+ Package and previous single sky packages is fundamental to strengthen European coordination of airspace management in order to maximise the airspace available whilst optimising its use and safety, also to the benefit of the environment.
- BUSINESSEUROPE supports the Commission's assumption, that the application of different national taxes on the aviation sector does have a detrimental effect on the internal market and on the competitiveness of EU-based aviation companies. The European Commission should push Member States to abolish such taxes, taking into account that in aviation the user-pays-principle has been established already. In any case, double charging is to be avoided.

⁵ For more info: [BUSINESSEUROPE's position on the Single European Sky 2+ Package](#).



- The ultimate goal is to promote worldwide freedom of air services and investment in the framework of a level-playing field. Progress towards this objective can be achieved either through bilateral or multilateral negotiations, which favour market needs. This can only be achieved if Member States show serious political commitment.
- It is imperative that the European policy-makers provide a regulatory Air Traffic Management (ATM) framework that is able to link to other international systems - notably the US NextGen system - to promote and maintain fair competition between airlines of different countries, not only within the EU, but also on a global scale.
- Ensuring balanced and fair passenger rights is a key aspect for retaining competitiveness while guaranteeing high quality service. At the same time, airlines should not be overly burdened by circumstances created beyond their control, such as service disruptions caused by the 2010 ash cloud or extreme weather events.
- While a high level of security should be guaranteed to create certainty and safety for transport and logistics operations across Europe, there is certainly room for streamlining and simplifying certain security procedures concerning passengers and air freight to increase efficiency and lower costs. Any additional security measure should be based on an impact assessment ensuring that these measures bring a real added value to security, while facilitating a seamless flow of passenger and freight in a cost-effective manner.
- Efforts to ensure better connectivity between airports, the hinterland and other transport networks need to be strengthened.

4.4. Maritime policy and inland waterways

- Europe has the world's largest shipping fleet, directly employing some 300.000 seafarers on board merchant vessels and another 3 million in related jobs. More than 80.000 merchant ships call at European ports every year.
- BUSINESSEUROPE generally supports the current approach of the European Commission on maritime policy which was outlined in its Communication of May 2013, which reviews the European port policy and presents additional actions to further unlock the potential of EU ports. Yet, we would like to see faster implementation of already agreed EU initiatives.
- The Commission rightly puts more focus on the connection of TEN-T ports with railway lines, roads, and where possible, inland waterways, in particular in the governance of corridors.
- We support efforts to open port services to competition and enhance maritime and port security and strict application of competition rules to maritime transport must continue. To increase the transport of goods by sea, the role of ports and their hinterland connections should be given high priority not least when new infrastructure is being built.



- It is also important to reduce administrative burdens in the maritime sector, for instance in relation to customs. Therefore, we strongly support the development of a “*Blue Belt*” in the seas around Europe to simplify the formalities for ships travelling between EU ports. With the same aim, we support the establishing of common EU rules on conditions and procedures for granting pilot exemption certificates for ships using frequently the same ports.
- Business also welcomes the Commission’s commitment to develop a set of more precise European indicators to better measure the performance of ports. This should lead to a more factual discussion on maritime policy and give more insight on the functioning of connections with the hinterland via inland waterways.

4.5. Public transport

- High quality, affordable and efficient public transport services are of fundamental importance for the mobility and inclusion of European citizens, as well as for the competitiveness of businesses as users of these services. Yet, the economic downturn has put a huge pressure on public financing. In addition, challenges linked to climate change and energy security, as well as societal challenges such as an ageing and more demanding population are making it more difficult for public authorities to deliver high quality and affordable public transport services.
- In this context, BUSINESSEUROPE believes in stronger cooperation between the public and private sectors in the delivery of these services, for instance through the setting-up of public-private partnerships (PPPs) or outsourcing via public tenders. The private sector can often offer better value for money, enforceable quality standards, wider choice, innovative solutions, and relieve pressure on public budgets through new sources of financing and risk allocation.
- Therefore, we call on public authorities to engage in stronger cooperation with the private sector in the delivery of high quality public transport services, by facilitating the setting up of PPP structures and offering better training to public officials on public tendering. We need to foster a culture for better cooperation.
- Investing in public transport is also important to fight congestion in urban areas supported by smart logistics solutions.

5. INFRASTRUCTURE AND FUNDING

- BUSINESSEUROPE is pleased to see that in November 2013 the European Parliament and Council finally agreed on the budget for the Connecting Europe Facility, with €26 billion of the total €33 billion funding budget allocated to the transport sector. However, given its importance, we regret the severe budget cuts compared to the original Commission proposal (€50 billion).
- It should be an absolute priority to complete the Trans-European Transport Network (TEN-T) which connects Europe and establishes a core network of nodes and links of the highest strategic and economic importance, based on population density. Establishing proper interconnections between the main European ports



and airports to other networks is crucial for business. The new TEN-T Guidelines approved in 2013, outline the right priorities for its completion, in particular by pushing for development of a real integrated core network, setting deadlines and streamlining key projects, and by ensuring better connections between core network corridors.

- In this context, BUSINESSEUROPE regrets to observe that most TEN-T projects are delayed and that the network is still far from complete. National governments need to show stronger commitment, especially as the vast majority of the TEN-T is funded at national level. At the same time, we call on the Commission to increase efforts in terms of assistance and oversight to ensure progress on these key infrastructure projects.
- Of course, a well-performing transport network requires substantial resources. Therefore, BUSINESSEUROPE continues to promote the deployment of public-private partnerships for the maintenance, construction and operation of European infrastructure. PPPs can offer new sources of financing, balanced risk allocation, efficiency, cost-effectiveness and innovative solutions for a great number of transport projects. It should also be possible to combine different financial instruments, such as project bonds and other European Investment Bank related schemes to support successful PPP structures.

6. LOGISTICS AND URBAN MOBILITY

- Industrial competitiveness also depends on using transport and infrastructure more efficiently, for instance through better use of improved traffic management and information systems and more advanced and cost-effective logistics. Logistics costs, including transport and storage, currently represent between 10 and 15% of the cost of finished goods for European companies.
- ICT and intelligent transport systems have a key role to play in better use of smart logistics and improving urban mobility (e.g. mobility management, parking management, intermodal connections). In general, the deployment of intelligent traffic systems within smarter cities and along the roads would increase efficiency, improve safety and contribute to less CO2 emissions.
- When it comes to behaviour, we believe that while new mobility concepts should not be imposed, better mobility planning should be more widely encouraged.
- It should be ensured that the major European urban centres are accessible and easily reached at any given time. Local authorities are currently implementing an array of mainly non-harmonised measures, which are increasingly creating difficulties for both local and international business. Existing and planned measures should be reassessed to ensure that they are based on objective criteria, are fair and justified. With current demand for transport and urban areas suffering under congestion and efficiency losses, Europe should encourage best-practice sharing, such as the use of priority lanes and arrange proper interconnections between modes to ensure use of the most efficient transport mode for each part of the voyage.



7. THE INTERNATIONAL DIMENSION

- International accessibility is necessary to secure the European export to foreign markets and for Europe to stay competitive. Aviation and sea freights as well as well-functioning ports and airports are crucial in this regard.
- Ensuring an international level-playing field is essential to secure global competitiveness of each transport segment. This also entails better market access, fair competition and building on international standards.
- Free and undistorted competition and the further opening of transport markets should be promoted in all relevant international negotiations, for instance in the current Transatlantic Trade and Investment Partnership (TTIP) negotiations.
- All EU Free Trade Agreements (FTAs) should include ambitious and forward looking chapters, on services, public procurement and investment. FTA's should also be carefully assessed with regard to individual and cumulative impacts.
- Internationally recognised safety, security and environmental standards should be promoted worldwide insofar as possible to boost integration and foster market access and trade:
 - In the railway sector for example, European companies often face difficulties in accessing the light rail sector in foreign countries because of diverging standards. For instance in the US, European and international standards (IEC, ISO) differ from American ones (ANSI) and are not recognised by American certification agencies. In Japan there are still a number of exemptions and derogations of GPA rules, such as Japan's "operational safety clause", preventing effective market access for European companies.
 - In the road sector, a very important element is the need for a regulatory approach on a worldwide basis. Regulatory and technical standards, tests methods and procedures differ from market to market. This wide variety of regulatory concepts leads to additional costs for the industries. Common regulatory approaches and a globally accepted legislative framework would bring benefits to the industries and enhance the competitiveness of the EU economy.
- European airlines and airports compete in a global market. BUSINESSEUROPE therefore advocates a global approach to address aviation's climate impact as part of a broader package including new technology, more efficient operations and better use of infrastructure.
- Effective solutions for climate protection in air transport can only be brought about globally. BUSINESSEUROPE believes that an EU Emissions Trading System (ETS) should not put European airlines at a competitive disadvantage and hamper the progress at the International Civil Aviation Organisation (ICAO) towards a global agreement on reducing emissions from international aviation. Therefore, the only way to ensure the competitiveness of the European air transport industry is an ICAO-led solution. Only in this regard an international level-playing field for aviation



can be established. This is where the EU must provide the momentum. Last autumn the ICAO agreed that by 2016 global market-based measures for lower CO₂ emissions in aviation are to be concluded which will then come into force from 2020 onwards. This is significant progress. Pressing ahead with solutions in the ICAO is the right approach for climate and competition policy.

- EU rules for international shipping should remain fully consistent with International Maritime Organization (IMO) standards and requirements to avoid distortion of competition. A reliable regulatory framework will give the European shipping industry the planning certainty it needs.

* * *