



EUROPEAN COMMISSION

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Transport: driving Europe's economy forward

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Ladies and gentlemen

Many thanks for accepting my invitation to the second Transport Business Summit.

Transport is a vital component for fulfilling three freedoms of the European single market: the free movement of persons, services and goods.

It ranks highly in terms of its business contribution and produces almost 5% of European GDP.

Our transport and storage services sector employs more than 11 million people: about 5% of the EU's total workforce. If you include transport equipment manufacturing, it accounts for 8% of employment – or 18 million jobs.

A business first must be profitable to stay viable, which is the result of balancing revenue against expenditure, salaries and other costs. However, the profits made across the transport sector are rather uneven.

Land transport tends to be the most insolvent, mostly because of the high number of small and medium size road freight businesses that are more exposed to financial weakness.

In aviation, between 2000 and 2011 there were more than 100 insolvencies of EU airlines providing scheduled services. Since the start of the economic crisis, at least ten European governments have bailed out flag carriers suffering from spiralling debts.

Insolvencies are less frequent, however, in the rail sector - where public subsidies are used to support provision of services.

The salient point from all this is that if there is no profit, no economic viability, not only is there the threat of bankruptcy, but there are also no jobs.

So what has the European Union done – and what is it doing now - to make sure that transport remains a profitable business?

Most importantly, we have created a pan-European strategy for building and investing in transport infrastructure. This is the Trans-European Transport Network, backed up by dedicated financing in the Connecting Europe Facility to make sure it becomes a reality on the ground.

Funding for transport infrastructure for the 2014-2020 budget period has more than tripled – to €26 billion - compared with the previous budget period.

One of the best ways to stimulate growth is to remove more barriers. The European Union has always been economically successful when it has done this.

This is why EU transport policy has always focused on overcoming obstacles between Member States – whether technical, administrative or regulatory.

The ultimate objective is to create a single European transport area with fair competition conditions, for - and between - the different forms of transport: road, rail, air and waterborne.

The barriers are not only physical. There are others which are more hidden.

Barriers to efficiency, fairness and transparency.

Barriers to the free movement of people, services, goods and capital.

In aviation, for example, there have been many successes. But there are still many barriers.

Take safety, where effective standards have made the European Union's record among the best in the world, with the European Aviation Safety Agency and common safety rules that apply both to industry and to civil aviation authorities.

At the same time, however, we are having to work hard to get rid of the fragmentation that still plagues European airspace.

Many regional and periphery airports remain poorly connected.

Air travel is more congested and expensive than it needs to be.

The Single European Sky has yet to be completed and made operational.

I am frankly disappointed with its development in the last few years.

There is a lot of resistance to reforming air traffic management. Given that air traffic in Europe is expected to nearly double by 2030, unless we do something right now, the chaos is just going to get worse.

I'm sorry to say that the concept of Functional Airspace Blocks, which is an ambitious and sensible one, has not worked as well as I had hoped. There is only so much the Commission can do, so I think that Member States do have to shoulder some of the blame for the lack of progress.

Today, nine FABs are in place – and we cannot be happy with a situation where one block works well and the rest don't, because that means the overall fragmentation of airspace is still there.

Or let's look at rail: whose inefficiencies, network gaps and protected markets reduce its attractiveness to such an extent that freight and passenger traffic often prefer to use roads instead – adding to congestion and pollution.

We have taken some important steps towards creating a Single European Railway area.

On the technical side, full interoperability looks to be on its way. This means that we will have a competent and efficient European regulator in the form of the European Railway Agency to make sure that standards are aligned across Europe. Not only technical standards for rail equipment but also product standards like journey planning, ticketing and passenger rights.

But we are far from seeing all barriers to a fair pan-European market for rail services removed. I would say that there are two main issues to solve.

Firstly, it's normal that a rail company offering cross-border services should pay to use rail infrastructure. But it's not normal that the money paid ends up in the pockets of a rival who can then use it to cut the price of its own service.

Secondly, there are the subsidies paid by the taxpayer.

The amounts spent on supporting regional rail services are huge. And there's no doubt that the functioning of regional rail services – commuter trains – is politically sensitive and important.

Why should we then prevent the taxpayer, the commuter who uses rail services every day, from being able to choose between different rail travel options?

For me, the fundamental choice for railways is clear.

Either we have more cross-border, business-based rail activities all over Europe.

Or our railways simply fade away as a serious alternative to road and air transport. That would mean an irreversible slide down the slippery slope to a Europe where railways are a luxury toy only for a few rich countries – and are unaffordable for most in the face of scarce public money.

We are removing barriers in maritime transport, where the shipping sector is often deterred by heavy red tape – especially customs. This put coastal shipping at a competitive disadvantage and doesn't bring any added value to the public.

It is why we launched the Blue Belt concept, to reduce the costs and delays that can make maritime transport less attractive for moving goods within the EU internal market.

So far, we have not managed to introduce much more market dynamism in European ports.

However, as you know, our proposed review of EU ports policy is now on the table. It aims to promote a more open business environment, raise port performance across Europe, guarantee equal conditions for competition and provide legal certainty for all involved.

Ladies and gentlemen: you may have spotted some common threads running through these proposals and plans that I have just been describing.

Over the years, Europe has seen many good ideas and plans for improving its transport systems.

But we often encounter huge opposition to some of these ideas, so they often end up either delayed or diluted. That means there is always more to be done to let the market work openly and fairly.

In Europe today, I see too many views that consider the market economy to be a problem – not a solution. There is suspicion, even hostility at times, to the very idea of it. This is dangerous: it causes rising unemployment and falling competitiveness compared with other parts of the world.

Then there is the issue of conflicting interests, both economic and national.

In some areas of transport policy – railways and ports spring to mind – we are battling against lingering vested interests to inject some competition into closed and protected markets.

Time and again, strong Member State and industry interests together adopt a purely national, short-term perspective.

This prevents us from taking and implementing the tough decisions needed to complete the single market.

Europe is strongest and most successful when it is united and acts together. But when we don't act together, our global rivals are usually ready – and quick – to exploit the divisions.

Ladies and gentlemen

There are some fundamental policy principles that must stay at the forefront of European transport policy in the years ahead.

The first is to build and complete an integrated and joined-up transport network.

Close on its heels comes the second:

There can be no backsliding on the goal to reduce Europe's oil dependency.

We all know the reasons. They haven't changed.

Reliability and availability of oil supply, environmental considerations and commitments, to name just a few. This has to be a continued effort for everyone to make, while we gradually raise transport's use of alternative fuels.

That work will be boosted by the European Union's continued strong support for transport research, backed up by substantial EU funding to encourage innovation in areas such as intelligent transport systems.

We have already made great inroads with decarbonising transport, with a particular focus on the urban environment. And congestion, especially in cities, remains a major social, economic and environmental problem to be tackled.

We should continue the work on dismantling all types of barriers, push for EU-wide standardisation across the transport sector to avoid bottlenecks and delays, and continue to open up the remaining closed transport markets.

Here we could look at the road sector, Europe's main form of transport. While it is relatively open as a market, we do still have obsolete restrictions on cabotage.

But the main problem in this sector is investment – pan-European investment in particular – and maintenance of road infrastructure.

Up to now, this has been considered mainly as a regional priority – even a negative priority, since roads generate by far the most congestion in transport.

The widespread view has been that EU transport policy should limit the use of roads as much as possible, in favour of other forms of transport.

Perhaps this view has been too narrow.

We also have problems with poor cross-border links in the wider European road network. The road system in Eastern Europe is a particular example of this and puts Europe to shame.

While we now have the Connecting Europe Facility to fund infrastructure, it has its limits - whereas there are other ways to end the years of chronic underinvestment in the road sector.

The solution suggested by transport planners is charging. It follows the 'user pays' principle, a cornerstone of a fair and efficient pricing policy that also implies changes in road transport cash flows. Just as trains pay track access charges and airlines pay airport fees, those who use roads could also pay towards their maintenance and improvement.

These are just a few remarks about transport priorities that will be with us in the next few years. Of course, none of us here today has a crystal ball. We cannot predict all that the future will bring us.

But I do believe that if we stick to the policy principles and philosophy that have guided us well over the last few years, then we will be in an excellent position to rise to new transport challenges – and to make the most of them.

Thank you all for your attention and for attending today.

I wish you a successful Transport Business Summit.