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Mr. Brian Simpson
Chairman of the Transport and Tourism Committee
Member of the European Parliament
Rue Wiertz 60
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Dear Brian,

A Road Map to 2050 – New routes ahead

Consultative Concept Paper on the future of transport

As promised I would like share with you my present thinking on the future White paper - you will understand that this is very much work in progress and builds on the very substantial resolution which was adopted by your Committee.

Transport is fundamental to our economies – particularly to enabling renewed growth – to the movement of goods in the single market, and to citizens as they enjoy their freedom to travel. It is also a sector where Europe is a world leader, in both manufacturing and transport operations.

Despite many attempts to address the problem, congestion in urban areas and around major transport nodes remains unsolved. And although some sectors, especially aviation, have benefited hugely from the EU Single Market, considerable barriers remain elsewhere. We need to readdress these issues – how to better respond to the desire of our citizens to travel, and the needs of our economy to transport goods while respecting environmental challenges.

European Transport is at a cross roads. Old challenges remain but new have come.

Since the Industrial Revolution, transport has depended on abundantly available and cheap fuel – first coal and then oil. Most predictions see oil becoming scarcer in future decades, sourced increasingly from unstable parts of the world. Together with increasing demand from the BRICs and other rapidly developing economies, price will increase substantially and inexorably¹. As the IEA has recently pointed out, the less successful the world is in decarbonising, the greater will be the oil price increase. If we do not address this oil dependence, people's ability to travel – and our economic security – could be severely impacted.

¹ According to the International Energy Agency's World Energy Outlook 2010, under current policies the oil price will almost double by 2020 (110\$/barrel in real terms, corresponding to 140\$/barrel in nominal terms), and more than double by 2030 (130\$/barrel in real term prices, corresponding to 210\$/ barrel in nominal terms).

Equally, transport constitutes a significant (24%), and even more importantly, growing (by 34% since 1990), share of EU CO₂ output². This must be compared to declines in emissions from most sectors. This is not sustainable if we are to meet the challenges of combating global warming: transport will have to make its contribution to Europe's very substantial overall CO₂ reduction targets for 2020 and 2050.

Today EU transport is 96% oil powered – substantial change will be difficult and needs time to implement, but it is essential. And our reaction to the oil crises in the seventies, when we launched high speed trains, proves we can do it differently if needed. Industry needs a clear direction and timeline for change, having in mind its global character and competitiveness needs.

The challenge for the White Paper is to propose policies which will enhance transport's competitiveness while providing a clear road map for moving to alternative energy sources. It is our duty to give governments, manufacturers and industry the clarity they need to plan investments and a policy for the decades to come. And we need to act in the next few years to ensure a deep change in transport over the decades to 2050.

WHERE ARE WE NOW?

European transport policy over the past decade has delivered an impressive list of achievements:

- Market opening across transport modes has delivered improved services and lower costs.
- High speed rail and low cost airlines have greatly improved travel options and habits, and bound Europe together, unprecedented consolidation and liberalisation of aviation market has triggered a major restructuring of the European Aviation industry, while the introduction of the concept of the "community carrier" is opening up world aviation markets for our industry by way of promoting the European Aviation area comprehensive air services agreements with 3rd countries.
- A growing body of pan-European passenger rights, now covering all the modes, ensures the race to cut costs is not at the expense of the passenger.
- Focus at European level has contributed to a substantial fall in road deaths (down 44% 2001-2010), and a substantial decrease in marine accidents
- Europe is a global leader in the areas of maritime and aviation safety
- European and international arrangements now ensure air transport has clear incentives to reduce its CO₂ emissions.
- TEN-T supported transport infrastructure has contributed to territorial cohesion, but overall investment in transport is declining – from around 1.5% per year in the 1960's and 70's in EU-15, to around 0.7% today.

Despite all these achievements we can list many problems which still need to be solved.

² Transport emissions including international bunkers (aviation and maritime), but excluding combustion emissions from pipeline transportation, ground activities in airports and harbours, and off-road activities.

European transport is congested. Traffic jams remain an everyday nuisance for people and business, wasting perhaps 60 – 70 hours per year for drivers in big EU cities. Congestion costs are estimated at about 1% of GDP. And although some cities have been very successful in encouraging greater use of public transport, walking and cycling, this is still the exception. As a recent Commission Eurobarometer survey confirms, public transport is often seen as uncomfortable, unreliable, overcrowded or simply not available when it is needed³.

Our airspace is full of waiting and delayed flights. In future many key European airports will be completely full for extended periods every day⁴. Too much cargo arriving in EU sea ports is still sent by truck over long distances into the hinterland, and global freight flows and an imbalance of efficiency between northern and southern ports, lead to excessive road traffic flows across sensitive areas such as the Alps.

Not all our policies have been able to deliver their objectives. While some TEN-T projects have been completed and are proving very successful (e.g. the high speed rail links between Paris, London, Brussels, Amsterdam and Koln) progress has been very slow on other important links, – such as the Brenner, and Lyon-Turin tunnels – due to planning and financing issues. Motorways of the sea have yet to deliver the hoped-for results. Of the €394 bill needed for the implementation of TEN-T Priority projects, €246 bill will have been invested by 2013.

Efficient co-modality – in particular making rail freight more attractive – has delivered substantial increases in rail freight in some Member States, but rail freight continues to decline elsewhere. The potential of inland waterways remains largely unrealised.

And while we have created a real common market for road and air services, economically damaging barriers still exist –road cabotage is limited, and progress slow on delivering the economic, environmental and safety benefits of integrated European air traffic control through the Single European Sky project. Success in integrating national railways to create efficiency at the European level has been patchy. Intra-EU maritime transport still faces the national borders long since abolished for road or rail transport.

In addition to the climate change and oil dependency issues highlighted above, pollution from European transport remains a problem. Although modern aero engines and road vehicles using the latest engine technologies are far better than in the past, many cities have pollution

³ Eurobarometer November 2010: Qn 4 - Reasons why car users don't use public transport:

Not as convenient as a car	71 % (48% said it is <i>very important</i> reason, 23% said <i>rather important</i>)
Lack of connections	72 % (49% <i>very important</i>)
Low frequency of services	64 % (40% <i>very important</i>)
Not reliable	54 % (32% <i>very important</i>)
Too expensive (<i>car users</i>)	50 %
Lack of info about schedules	49 %
Security concerns (<i>car users</i>)	40 %

⁴ Source: EUROCONTROL Long-Term Forecast: IFR Flight Movements 2008-2030 – between 14 and 39 EU airports will be at capacity for at least 8 hours per day.

in excess of EU limits on particulate matter (PM₁₀), nitrogen dioxide (NO₂) and ozone (O₃)⁵ with significant health implications – and rail, road and airport noise is a continuing health hazard.

European transport industry is in danger in many areas of losing out to global competition, due in particular to low cost competitors prepared to innovate and invest heavily.

If we lose global competitiveness, European business is not sustainable.

European transport is not doing enough to increase the safety and security of road users and passengers – 34 000 citizens are still killed annually on roads – and we face an increasing threat to all modes of transport from terrorism and other criminal behaviour (piracy on ocean going vessels, aggression in public transport and long distance road transport).

Transport infrastructure is unequally developed. The eastern part of EU has poor roads and railways. European integration has only been reflected to a limited extent in infrastructure. Links to neighbourhood countries further east are even poorer.

WHERE DO WE WANT TO GO?

We need to change our concepts of mobility, while preserving the essential freedom of people to travel.

Solving the problems identified above means meeting very difficult targets by 2050 – and challenging ones by 2020/30 to ensure we are moving in the right direction.

Indicative targets for smart, inclusive and sustainable mobility⁶

Interoperability of public transport – accidents

- Information on fares, timetables connections, etc to be available on request by 2020 in clear and standardised format across EU, to allow the development of multimodal travel planners and ticketing services by competing transport operators and specialised providers (e.g. by internet, mobile phone apps etc)
- Smart fare cards and future tickets systems (debit cards, phone based etc) to be interoperable across EU, through tickets readily available, liability issues (missed connections, etc) solved.
- Deaths and serious injuries in road transport reduced by further 50% by 2020. (Setting a target for reduction in serious injuries will require us first to agree a standard EU definition of such injuries).

⁵ According to EEA, over the period 1997 to 2008, 13–62 % of Europe's urban population may have been exposed to concentrations of particulate matter (PM₁₀, less than 10 micrometres diameter), ozone (O₃) or nitrogen dioxide (NO₂) above the EU air-quality limits or targets.

⁶ These targets and measures are indicative – Details of this section depend on modelling work and impact assessment still underway in the Commission services: my own DG (MOVE) is working closely with the climate change and energy DGs.

EU Competitiveness

We must help EU companies to remain world leaders across transport field (logistics, transport services, vehicle manufacturing, ICT applications and infrastructure). We will aim at:

- Fully paperless system established across modes for customs etc documentation (e-customs) by 2020
- By 2020 full border-free intra-EU cargo transport. Fully integrated electronic operations (“single window”) for port, customs and other shipping formalities (e-Maritime).
- Ensuring the time and cost of congestion no longer increasing.
- Rapid completion Single European Sky and beyond: SES is our key critical project for the next decade. Without reform of the airspace will be saturated. We need to promote further extension of European Aviation area and concluding comprehensive air services agreements with our key partners. Our aim is a market of 1 billion customers.

Sustainability

- CO₂ - Reduction of transport sector emissions by 50- 70% by 2050. An intermediate benchmark, probably for 2030, should be considered.
- Oil dependency reduced from 96 to 40-50% by 2050 (10% renewable energy for transport by 2020)
- To help delivery of reduced oil dependence, city transport to be completely carbon free by 2050 – this will also deliver a very substantial reduction in noise, particulate matter, NO_x and SO_x.
- Similarly, rail and inland waterways should take most inland freight on distances greater than 300km and a majority of medium distance passenger traffic (300 – 1000km – ie depending on availability of high speed, three to four hours journey time).

HOW TO GET THERE?

We must review our directives, regulations and other measures to complete the **Single European Transport Area**. We must ensure enforcement. We must eliminate the remaining barriers.

The following are examples of the policies we are considering – they will be refined in the White Paper.

Horizontal policies applying to all modes:

- We will further develop passenger rights legislation, concentrating our efforts on implementation and enforcement and inter-modal integration.

- We will work to ensure that in particular at transport hubs (e.g. airports, stations, ports) people can get easy access to information about their EU rights, especially when travelling across the EU.
- We will strengthen public procurement policies to incentivise the introduction of cleaner vehicles, and encourage private fleet purchasers to apply similar standards.
- We will propose regulation on improved transparency of labelling concerning the environmental impact of all vehicles (cars, trucks, planes, locomotives, vessels).
- We will support proposals for tax policy (excise duties, VAT, company car etc) and procurement policies to be fully consistent with decarbonisation goals - clearly these are mostly issues under the responsibility of my colleague Algirdas Semeta and where EU level action requires unanimity among Member States.
- We will ensure appropriate EU-level transport security policies are in place for all modes, to support Member States and operators in fighting terrorism and other crime while minimising impact on transport services.

TEN-Ts

We will adopt a new TEN-T plan for 2014 - 2020. This plan, including the core network, will be based on the following principles:

- projects must have added European value – cross-border links, especially links between eastern and western Member States, will be prioritised;
- European transport corridors must be developed;
- Commitment needs to be reinforced;
- Co-modality and multimodal hubs will be supported;
- TEN-T projects must be transparent and clearly promote sustainability.

Innovation and Research

Our investments and our research policy will support technological development of the European Single Transport Area, focusing on:

- intelligent transport systems for all modes, with necessary interoperability and continuity of service; safety tools, applications and services;
- integration of modal systems including electronic multi-modal travel planning, e-ticketing and e-freight documents, fuel efficiency and low carbon transport means.
- More generally, we will ensure that innovation is speeded up in the development of the next generation vehicles for all modes of transport, and that common EU standards are in place to support alternative energy/propulsion systems for all types of transport. We will indicate by when decisions need to be made between different options (whether by market or regulatory means) to ensure the necessary infrastructure is in place to deliver our targets.

- We will make sure that research on security is oriented along the needs of secure but efficient and competitive transport services for citizens and freight.

Information and ticketing

We will invest in changing people's approach and habits in the use of transport services:

- To allow better mobility planning, we will ensure wide availability of information on all modes of transport, both for travel and freight on possibilities for their combined use and on their environmental impact.
- To limit unnecessary mobility, we will promote alternative modes of behaviour such as telepresence, pick up stations for deliveries etc.
- Smart inter-modal ticketing, with common EU standards is vital – we will assess the need for EU level clearing houses to make this work. This relates not only to passenger transport but also freight, where better electronic route planning across modes, adapted legal environment (inter-modal freight documentation, insurance, liability) and real time delivery information also for smaller consignments is needed.

Financing

To address the decline in investment in transport infrastructure we will create a fair and sustainable financial environment. We will seek to facilitate innovative financial instruments including an enabling framework for the development of Private Public Partnerships and guarantee schemes that help to raise funds for transport infrastructure projects.

We will ensure closer coordination of EU transport policy and regional policy when financing transport projects.

We will review infrastructure pricing policies, considering options such as:

- all users (cars as well as freight) to pay for road infrastructure – congestion charges in urban areas;
- port charges revised to provide lower port dues for environmentally better performing vessels, reduced fees for better waste management, etc.
- continued work to ensure rail track access charges are fair and rail financing ensures a sustainable and commercially viable railway for the future.

External dimension

We will consider international agreements and other international cooperation with the aim of establishing a global transport space with transparent rules ensuring fair competition and creating additional opportunities for European business, passengers and transport industry. We will develop a policy to extend our transport and infrastructure policy to our immediate neighbours.

Concrete Steps

The White Paper will spell out the concrete steps that need to be taken to get to the targets and to accomplish these objectives.

- For ***railways*** we need to develop the concepts of corridors, mobilize and focus infrastructure investment, strengthen the European Railway Agency and ensure effective and rapid convergence of technical standards, reinforce the network of rail regulators and further pursue the opening of markets.
- In ***aviation*** the single Sky project needs to be effectively implemented - from the designation of a network manager, via the integration of national air traffic control to the deployment of the next generation of air traffic management system (SESAR). Modernization of the airports system and fighting capacity problems will be high on the agenda.
- In ***maritime transport*** some of the major themes will be simplification the formalities for ships travelling between EU ports (the "blue belt" concept); a single electronic environment for all port/maritime transport related information exchanges and management; and a review of restrictions on provision of port services.
- As to ***inland waterways***, we will continue promoting them as an efficient, reliable and environmental-friendly mode, possibly via NAIADES II.
- In ***road transport*** we must abolish examine restrictions on cabotage, and put in place a framework allowing MS to adopt inter-operable and non-discriminatory road charging schemes. Electrification of transport and the use of other alternative fuels, including biofuels provided their production does not negatively impact the environment or food security will be major areas for us.
- In ***urban transport*** all towns and cities will be encouraged to develop mobility plans, aimed at reducing congestion, smoothing urban freight flows and ensuring decarbonisation targets are met. The creation of consolidation centres for freight at the outskirts of cities, possibly served by rail, and promotion of city deliveries with cleaner and more silent trucks will be considered.
- For all modes of transport we will ensure an ***integrated logistics*** based approach including better hinterland connections (better connections between rail, sea, inland waterways, road) and integrated management systems.

To conclude, I would like to underline, that these are my initial ideas which should be reflected in the White Paper. The list of actions is indicative, neither final nor complete, and therefore I would like to ask you to consider it as first flavour of what may come.

I look forward to continuing our fruitful dialogue on these important issues.

Yours sincerely,



Siim Kallas