

***CLECAT STATEMENT IN THE AREA OF POLICY MAKING
 IN THE FIELD OF THE EUROPEAN LOGISTICS SECTOR***

Brussels November 30th 2006

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1. Introduction

Vice President of the EU Commission, Mr Jacques Barrot,
Ladies and Gentlemen,

Clecat represents the interests of the vast majority of EU enterprises which offer logistics, freight forwarding and Customs services both within and outside Europe.

Our details are published on our website www.clecat.org as well as all the communications and public statements made in recent years on this crucial topic.

We organised our freight Forwarders' Conference today to sum up one year of activity and to maintain a condition of dialogue we have the privilege of enjoying with institutions and stakeholders alike. A happy coincidence made it possible for us to submit our views on logistics by the deadline of the recent call to submit comments¹ inter alia on the following issues:

- Launching an exercise to identify “bottlenecks” for logistics
- Promoting the use of information and communications technology
- Improving mutual recognition of logistics training
- Addressing the need for statistics
- Promoting the sustainability of logistics and multimodal solutions
- Implementing the concept of a one-stop administrative shop and “Common European Maritime Space”
- Benchmarking and recognition of logistics performance
- Addressing terminal efficiency
- Implementing the European Intermodal Loading Unit
- Improving multimodal liability and creating a single transport document
- Revisiting the rules on weights and dimensions of road vehicles (cf. Directive 96/53/EC, as amended by Directive 2002/7/EC)

With a view to getting indications from interested stakeholders and interested parties on the following key questions:

- Would the area of action have European added value?
- What concrete measures should be developed under the area of action?
- What level of priority should the area of action be given?

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http://ec.europa.eu/transport/logistics/consultations/2006_04_26/2006_11_30_comment_policy_orientation_en.htm

It is therefore our privilege and honour to express our views in the form of a summary of our submissions to the Commission on the occasion of Mr Barrot's visit to our conference.

2. Preamble

Clecat has been engaged in a lively and enriching debate on the issues of logistic services, transport mode selection and intermodal transport with the EU institutions and with a number of interested parties for over a decade. Ever since the inception of the proposals of the 2001 White paper – time to decide, for good or for worse, our structures have been affected by what looked like the challenge of the new millennium in freight transport.

This reference falls quite appropriately when one considers that the attention of the institutions to professional freight transport seems to be totally decoupled from its relative impact on the overall transport supply and demand and the allegedly unwanted or damaging consequences of the increase in the demand for mobility.

Clecat is adamant in stating that freight transport is a sizeable part of the demand for mobility, but professional freight transport accounts for far less than one fifth of the total, in some areas of the EU less than one tenth.

This simple calculation suggests that measures intending to affect professional transport alone, if oblivious of other important mobility demand sources such as public and private passengers' transport and own account movements, are inevitably condemned to fail in their very purpose. Any measure adopted would come to noticeable results only as and if it comes with a comprehensive approach, which should be mindful of impartially affecting all aspects of EU mobility while being careful not to create conditions that distort competition and/or increase the overall cost of transport, while aligning its performance to the lowest level..

This paramount statement must be kept in mind at all times, because none of the unwanted consequences of the increase in demand for mobility can be cured without a holistic approach.

In the following pages we will try to collate and refresh some of the concepts that were sent to the public attention in recent years, in order to produce a useful summary of the views of those who live, breathe and exist in logistics and because of it.

The world each one of us lives in would not be the same without our work and the astonishing affluence of our life styles would simply be unknown without the daily plight of our companies providing indispensable services all around the world. When we make our choices and we decide to touch upon logistics we must remember that we are touching directly on our lifestyles. Whilst we do not create lifestyles, we make those you choose to live possible and real.

We believe many should keep this concept well present in their deliberations.

3. A journey through Clecat positions on Logistics

Our positions have developed over a number of years, but we are of the opinion we can start our analysis with our contribution to the

3.1. Freight Integration Action Plan launched in 2003.

These are some of our notes issued on October 29th 2003:

(Abridged)

Freight forwarders, being generally neutral towards transport modes, enjoy a strong position in the improvement of intermodality, not only because of the transport solutions they offer their customers, but also through their support to the development of intermodal initiatives such as short sea shipping.

CLECAT agrees with the European Commission on the need for an efficient 21st century freight transport system, as well as on the current limitations to the growth of road transport and thus the need for modal shift, whilst is more perplex to hear that transport costs have increased, a notion at clash with the experience of our companies. Nevertheless, one has to keep in mind that modal shift can only be achieved on long-distance haul and not on short-distance haul (i.e. less than 100 km) which counts for well over 50%² of the market and where road transport will always be more competitive because of its flexibility. The structural morphology of the 21st century logistic areas, distribution centres, industrial plants and other inbound and outbound cargo platforms in Europe makes it impossible for any sensible cargo distribution strategy to refer to any other modes than the road, when it comes to the final leg of the multimodal chain. Last mile deliveries and collection do not happen in any other way than by road for the vast majority of manufactured items. We effectively utilise other means of transport (rail, pipes and inland water) only when the nature of the trade implies a particular logistic paradigm.

(Abridged)

3.1.1. Modern Freight Transport Companies

(Abridged)

The definition provided by the Consultation is adequate to describe the basic service of a freight integrator, but it implies a somewhat simplistic role when in fact a more sophisticated service is available from major companies where total supply chain management services can include, besides the traditional pick-up, delivery, storage shipping and consolidation products, other additional and more sophisticated ones, such

² The exercise of calculating this percentage has been done by a number of local and international bodies and it varies, especially according to the reference distance they use (50, 100, 150 or 250 km.)

as product sourcing and procurement, provision of, or compliance to existing, CRM or ERP products, order processing, product assembly, labelling, marking, packing, quality assessment and installation. In addition, some companies offer the necessary financial assistance to support these services.

(Abridged)

Supply and demand do meet very frequently at an even level, as corporate clients tend to discuss their logistic priorities with providers that offer a very ample service landscape, where SMEs are often content to analyse their logistic requirements with the help of a local and accountable freight forwarder, who offers, often unwittingly, two services at once: it generally holds at least some appealing specialities that suit the client's needs and is willing to offer its expert choice of alternative transport resources for a very small compensation.

It should be noted that a restructuring process is currently going on in the EU logistics sector, where we see new logistics companies with a strong intermodal focus developing totally new freight transport systems and connections, especially where access to the rail infrastructure has been granted to non traditional players. Large freight forwarding companies and logistic providers are taking a front line in this activity.

(Abridged)

3.1.1.1. Involving SMEs

CLECAT does not see any alternative to the observation that SMEs in the sector do not have the resources of the major players. Nevertheless, the Consultation undermines the role played by these SMEs in intermodal transport chains. Their sheer numerical proportion is impressive and accounts for a very important portion of the industry. Indeed, to counteract their lack of resources, SMEs have organised their own independent networks, creating groups of independent companies who cover a countrywide or territorial service for their overseas partners (the so-called *correspondents*) on a worldwide basis. There is a trend for these operating groups to proliferate in the freight-forwarding sector in order to compete with the multinational behemoths. Their collaborative behaviour results often almost as global as in larger companies and may sometime appear more efficient, in view of the ability to keep a personal touch, despite having very limited financial investments and very rare cross sharing of capitals.

(Abridged)

3.1.2. Organising Intermodal Freight Transport

The Consultation rightfully identifies a number of factors complicating the organisation and execution of intermodal freight transport. One should not forget though that our services are market driven and are accustomed to responding to market forces in kind. Legal and infrastructure environments, in which freight integrators are operating, do not offer yet the accountability we are requested by our clients and we have no chance to

persuade them to use an alternative service if we are not able to quote certain delivery times and conditions. Intermodal solutions also depend on the availability of several reliable and efficient transport modes, this being the only way a true forwarder can perform his typical benchmarking activity. Therefore, to be successful, the Freight Integrator Action Plan must be accompanied by some basic actions, that are collateral to this one, such as:

- the liberalisation policies of transport infrastructure and services (e.g. rail freight transport, port services, etc.),
- the improvement of the interoperability of loading units and infrastructure,
- the improvement and/or development of the Trans-European Transport Network (with an easier connection between the various transport modes at the junctions),
- the setting-up of a fair, common, harmonised infrastructure charging policy³;

(Abridged)

3.1.3. Freight Integrator Action Plan (in detail)

3.1.3.1. Improving awareness and understanding of intermodal transport

Training – Currently training exists in most Member States, where in some it is compulsory in order to operate as a freight integrator. In others there are no such rules. It would be sensible to establish harmonised standards leading to appropriate qualifications and recognition in Member States. These standards already exist, having been drawn up by FIATA, the International Federation of Freight Forwarder Associations based in Zurich⁴, that has a permanent training system managed and distributed in the world through Fiata’s ABVT.

(Abridged)

Tackling Intermodal Bottlenecks – This idea is to be supported so as to provide the relevant authorities with up-to-date information about the various burdens on intermodal transport. CLECAT, representing 24⁵ national freight forwarders and customs agents’ federations, could provide such a forum. In order to get practical result this exercise should be structured as a database at the very start.

(Abridged)

3.1.3.2. Standardisation of Intermodal Transport

³ CLECAT has published or is in the process of publishing opinions on all these issues. These documents are available on <http://www.clecat.org/docs/news.htm>

⁴ FIATA (International Federation of Freight Forwarder Associations): <http://www.fiata.com>

⁵ Now 29

Standardisation of documents – Transport documents are to a large extent still based on paper and differ according to specific transport modes. If electronic exchange should indeed be supported, standardisation of transport documents is quite difficult to achieve. Indeed, air and maritime transports are worldwide transport modes *per se*. Standardised transport documents⁶ exist at international level already, if we have in mind the well-known layout of some of the paperwork we handle every day. A complete standardisation has in fact not been reached yet, at least if one wishes to stick to ISO/CEN standards or similar. CMR's, Customs SAD's, CIM's and AWB's are fairly standardised documents, the UN lay out key concept cannot be forgotten, but we believe the scope of the consultation paper in this connection is more ample than this. We feel that the purpose of standardisation is to achieve a uniform set of documents that could be used throughout the modes and be used to cover the entire multimodal chain.

Unfortunately this is not a goal within easy reach. The 1980 UN multimodal convention has not been adopted and so far the only document that claims to be doing the job is the FBL, or Fiata multimodal bill of lading, based on the UNCTAD- ICC model rules.

Something is happening in UNCITRAL and much more is probably happening in the Business Analysis and Modelling WG's of various international bodies (that tackle ICT more than international trade procedures). Some results in terms of standardisation will come this side of the mirror, but it is unlikely we are seeing any practical result before a couple of years at least.

Standardisation of Information Systems – Our companies are major ITC users, but they have to deal with the complexity of the imperfect normalisation in this sector, where a much greater interoperability should be achieved, both in hardware and even more so in software. Telematics and exchange protocols (EDI, ebXML, ANSI etc.) are just not universally interoperable standards and we get faced with a different system every time we wish to connect with another user, public or private. Thus, CLECAT supports the standardisation of information system exchange protocols, as a major contributor to the success of the freight integrator action plan. The only international working protocol (EDI/EDIFACT) is not universal and interoperability is almost a dream. Such interoperability is technically feasible today and has been advocated for in many a forum by Clecat, most recently at CEN⁷.

Standardisation of equipment – Whilst CLECAT agrees that interoperability and standardisation of equipment should be improved, we ought to keep in mind that nowadays trade is characterised by globalisation. Standardisation is

⁶ *Airway Bill* in airfreight and *Bill of Lading* in maritime transport

⁷ For more information on this issue, see CLECAT comments on the "CEN enquiry on the development of standardisation in the field of services")

dealt with at international level through ISO and in Europe by CEN. Thus, one has to avoid that the creation of purely European standards lead to market fragmentation with harmful effects on competitiveness of European transport sector and trade in general. Therefore, we feel that standardisation should be undertaken in close collaboration with ISO/CEN.

Standardisation of quality – We observed more than once that our sector has a very extensive presence of ISO 9000 or 14000 standard certified companies. This was achieved through voluntary adoption in a period of over 15 years. Whilst the adoption of reference guidelines (that could be discussed with ISO or CEN) endorsed by the associations is a possibility, it is very unlikely that people will not have objections to a mandatory rule.

3.1.3.3. Shipper commitment and cooperation

CLECAT supports the principle of yearly European logistics Workshops involving shippers, as well as further cooperation between shippers and transport operators regarding shipments consolidation. In this respect, it should be noted that freight forwarders are already very active in the field of groupage and consolidation, which accounts for one of the very core activities of freight forwarders all over the world.

3.1.3.4. Simplifying responsibility and accountability

Again this is an item that is not within easy reach. There is no international mandatory law applicable to intermodal transport and various attempts at creating it did not succeed. Therefore no actual simple rule to calculate responsibility and liability in intermodal transport is available.

Liability in international transport is one of the least understood concepts by both service suppliers as well as customers. There is a significant need for a better understanding through training and skills development. It is a lack of knowledge that leads to a belief that there are no clear rules in respect of liability. In fact there are clear rules and division of responsibility, but they do not apply to multimodal transport as a whole and their calculation is probably not immediately perceptible. In addition, they are not recognised as important until a problem arises and then it is always difficult to reconcile the opposing interests of the parties involved.

The responsibility for goods in the supply chain rests with the owner of the goods in that he has an insurable interest in them and the attitude of considering the liability of the carrier as form of insurance, as some shippers do, is not only wrong, but it is very likely to backfire, if established in court. National and international legislation allows the carrier to limit his liability and this is extended to the freight integrator, when damage can be ascribed to a particular mode of transport. The freight integrator has a duty of care to handle his customers' goods in a responsible way and it is up to the courts to apply the law in the event of a claim.

The international carriage conventions and national laws combine to make this a complex area. Different legal systems in Member states and different interpretations by local courts of international legislation make it very difficult if not impossible to achieve any harmonisation in this area. History has shown that the likelihood of a standard form of mandatory agreement being integrated into Member State law is very unlikely. Clecat believes therefore that a training and education approach is preferable.

Finally, it should be noted that FIATA developed a multimodal transport bill of lading, the above-mentioned FBL, which is internationally recognised and recommended for use when Letters of Credit shipments are involved. Thus, if the various liability conventions and national regimes tend to complicate the matter, freight forwarders do offer their customers unambiguous one-to-one contractual relationship.

3.1.4. Conclusion

CLECAT welcomes the fact that the Commission has identified the vital roles played by the freight integrator in the global supply chain. We agree that there are many benefits to be gained from analysing this activity and creating a better environment where the shipper can have confidence in his supplier. More awareness and better training is essential in our view if the status of the industry is to be raised to a level that its operational importance warrants and to ensure that it delivers a high-class service to its customers.

(Abridged)

Clecat was then invited to participate in a project called ISIC and served on the advisory board for the project. In this role our policy making structures had the opportunity to provide somehow more detailed and incisive comments on November 10th 2005. Please find below the comments we submitted at this point.

3.2. Clecat contribution to ISIC as Advisory Board member

(Abridged)

3.2.1. Preamble

CLECAT was established in 1958 in Brussels, where it represents today 26⁸ national organisations of European multinational, medium and small freight forwarders and Customs agents, thus representing the largest and oldest institution of its kind.

The ISIC project, formerly known as FIAP, came to the attention of Clecat in late 2003 and has been the object of continuous work within our structure. It embraces an area of services that cover a good part of our companies' business. In other words our interest in this project is big and our companies are the main actors in freight transport related services all over the world, handling well in excess of half of the world transportation. In some sectors, like airfreight, cargo controlled by logistic service providers is in excess of 90% of the total.

Our companies employ millions and concur to a sizeable slice of the GDP in Europe and elsewhere, in some cases vying for the top among the most advanced economies activities (e.g. Dubai, Hong Kong, Singapore). In the EU a number of countries regard logistics as an important factor in their trade balance (Holland, Denmark, Greece, etc.). Our companies work on all level of the business, local, regional, international and intercontinental. Whilst regional solutions are sometime contemplated, all generally prefer actions and measures that can reflect on the entire spectrum of their activities and are compatible with international standards.

For the above reasons it came a little to our surprise that such a far reaching project could be designed and launched⁹ without any informal contact with those in the trade that would be most interested and affected by its conclusions.

We refuse to imagine that the promoters could ignore our activities. We therefore understand that this project genuinely imagines filling an existing gap. In other words all that has been set in motion seems to us meant to explain how we (or other transport service users and providers) can make better modal choices and why we make wrong ones. This looks like an oversimplification, but in substance, this is what the ISIC is about, considering it seems to stem from the assumption that the current modal choices are “wrong” and it affects an area of business almost entirely covered by logistic providers of different kind, in their mutual relationship with shippers.

⁸ Now 29

⁹ The Commission issued consultation paper on the FIAP on the 1st of October 2003 and this consultation closed on the 29th October 2003,

http://europa.eu.int/comm/transport/logistics/freight_integrators/public_consultation_en.htm

On the other hand we have welcomed this exercise because it is rightfully raising awareness on the skills detained by our companies, which are often misunderstood, overlooked and regularly inadequately paid for. We hope this study will start a commercial upmarket trend from which our companies may benefit in the long run.

All this being said to put our participation in perspective, we must say we are less happy with the results we have read in the details of the draft final report, where we believe a number of items of capital importance are left untouched and others seem to require more analysis.

3.2.2. Perspective of the modal shift

The European Commission's political objective of "modal shift" towards other modes is more than welcome for logistic providers as long as it makes sense in terms of service. Logistic service providers should enjoy a "modal choice" comparing prices and services. In an ideal world a freight forwarder or a logistic provider that is not burdened by an asset related business plan (which is the case of most of our companies) would treat all transport services as equal and privilege the most efficient. This is unfortunately not possible in the present reality.

For such modal choice to be present, forwarders would need non-road transport modes to show comparable qualities to those shown by road transport. This idea is acknowledged by the study, according to which *"only if shippers and transport operators will see the benefits for their companies, they will shift from road to other transport modes"*.

The ultimate aim of the ISIC exercise is to facilitate the so-called "modal shift", i.e. a shift from road to other transport modes, when possible.

Perhaps one should start with two basic questions:

1. "Is road transport deplorable?" and
2. "Why is road transport so successful?"

We do not wish to attempt an answer to the first question here, considering it can be profitably dealt with elsewhere.

The first obvious reply to the second question is that road transport is inevitable on short distances as well as for the first and last legs of the transport journey. The combination of these two elements accounts for over 70% of all transport movements. A further element to be considered is that own account transport by road accounts statistically for over 50% of the total in the EU. Empirical observation also suggests that this is the area where most high emission (Euro 0, Euro 1) vehicles are still in use. The only chance to tackle this problem positively is to encourage users to opt for professional services whenever and wherever possible. Professional services, whether mono or multimodal, are more eco-friendly because vehicles are more recent (Euro 3 and up) and generally well maintained.

This leads to a more specific question: “why is road transport so successful on long distances as well?” Transport users would probably give not one but a number of reasons, among which quality, cost, reliability, flexibility or simplicity. Such reasons lead to a third question: “apart from its specificities, why does road transport show these qualities compared to other modes that could in principle compete with road?” Two reasons can be brought forward: very extensive intra-mode competition, which creates a trend for higher quality in addition to a (usually) well-performing infrastructure. These two aspects seem to us the key elements on which other modes of transport could bank in competing with road.

The practical effects of any ancillary measure aimed at making intermodal transport more seductive will directly depend on the presence of the intra-mode competition and infrastructure performance in modes of transport other than the road.

Making semi-trailers crane-able is a valuable idea, but the effect on road-rail intermodality will still very much depend on the service performance of rail transport... Speaking of rail services a few elements have contributed to its marginalisation in the last 50 years:

- production plants have been moved out of the cities, to road-only connected sites;
- the absence or limitation in interoperability of rail equipment, once seen as a necessity, is a serious impediment to border crossing for rail services;
- the lack of competition has not contributed to improvement of service and innovation.

Whereas we understand some attention is being paid to tackle the above problems, in addition, recent events have significantly altered an already unfair balance:

- the single market is there only for road related services, whilst borders are still obstructing rail freight services;
- the absence of a level playing field between passengers and freight rail services does not bode well for the latter’s performance;
- even social contracts could better incorporate border crossing without imposing excessive burdens to service providers;

In general terms, since road transport is usually used for the first/last leg, any journey involving another transport mode is “intermodal”. As transport organisers, freight forwarders are and have been intermodal transport service providers for ages. Now why have they used road transport more often? Because the result of benchmarking, transport mode performances have shown a consistent advantage for the road mode, especially when performance was the key element.

In the end, we understand there are two ways of causing a modal shift: one by enhancing the global efficiency of the system through the substantial adoption of measures that induce less efficient modes of transport to improve their performance, the second by making the most efficient mode of transport less attractive through a substantial increase of its cost.

It must be said very clearly that the two systems are not equivalent, the latter reflecting negatively on the global competitiveness of the EU, if adopted.

3.2.3. Questionnaire replies

3.2.3.1. General

1) Do the actions that have been elaborated in ISIC cover the most important policy issues in the field of intermodal and sustainable transport for the European Commission? If not, what actions are missing?

Considering Clecat cannot answer this question on behalf of the European Commission, we shall answer in line with Clecat opinion on this topic.

Clecat has repeatedly expressed the opinion that the main reasons for the insufficient use of intermodal transport are the inadequacy of infrastructure and/or transport services. The latter can be properly addressed by fostering intra-mode competition. Whereas the main problem with intermodal transport is the lack or short performance of infrastructure and the lack of (or insufficient amount of) competition in several transport modes (rail for instance), neither of these two main elements of distortion are tackled or treated. It results in **proposals that actually divert the attention from these main problems.**

2) Have the efforts in the respective ISIC Tasks been carried out in a well-balanced manner? If not, what actions need more attention?

All tasks have been producing results based on assumptions that look dogmatic. Some argumentation looks typecast and is not sufficiently substantiated. The bona-fide adamant conviction with which some of the statements are made cannot be substantiated at all times with undisputable facts.

Some of the conditions that led to the publication of the white paper 2001 are now changed, which calls for its conclusions to be reviewed before launching any far reaching proposal. The fact that the Commission itself seems to be contemplating its revision is ample proof that its assumptions need to be reviewed, before taking any further action.

3.2.3.2. Task B: Intermodal liability

Because of the lack of international mandatory law applicable to intermodal transport there is no simple and unique rule to calculate liability in intermodal transport. Attempts have been made at international level several times and some are on the table in these very days. Clear rules and division of responsibility do however exist. They do not apply to multimodal transport as a whole, but to each specific transport mode, according to a network principle, which is sufficiently digested by the users.

CLECAT has always doubted that a European-only framework for multimodal liability would be an adequate solution. Transport is characterised by globalisation and a regional

regime would surely do nothing else but to create additional difficulties and costs in the EU transport sector.

All in all, Clecat Members were always concerned that this exercise may lead to “just another liability regime”. Unfortunately this seems to be the outcome of this exercise, although the disastrous temptation of a mandatory set of rules is avoided.

We fail to understand how one can rightfully acknowledge that “the liability question is of supra-European importance” and still propose a brand new regional regime. Even the US did not pursue their project called COGSA, when they understood that it would simply increase the confusion of an already quite crowded set of international conventions. With all due respect for the EU, which is the element that suggests we may deal with the international community more effectively?

Any framework liability regime should thus stem from international initiatives. Given however the extreme difficulty of achieving any international harmonisation in this area, CLECAT generally advocates “voluntary enhanced awareness programmes” to improve knowledge of existing liability regimes.

Clecat is advocating a more extensive use of one of the best practices in this regard, the Fiata multimodal Bill of Lading.

1) Do you consider the proposed new liability regime to be an improvement compared to the existing regimes?

No, it would probably create further complication and additional costs. International court cases centred on issues of liability take considerable amounts of energies and funds already. Another conflicting regime would only raise the lawyer’s bill.

2) Do you think this regime will lead to an increased use of intermodal transport?

No, if anything, we are afraid it comes to an opposite result.

Limitations of liability do vary considerably but the freight service provider, when acting on behalf of its customer, does not factor this in to its decision. However complaints or remarks are not frequently received by clients or users. In practice, whilst the existing regimes are far from user friendly **the choice of transport mode by the freight service provider AND his customer is rarely, if ever, made on the basis of the legal framework that governs it.** The key factors are and will certainly remain the **cost** and **quality** of the service provided, without forgetting the insurance element.

The additional complication created by another liability regime risks to definitely discourage any attempt at intermodality, driving those who contemplate the idea ruthlessly to road transport, which is perceived very often as simpler and more effective.

3) What are in your opinion the economic impacts (e/g on insurance costs) of the introduction of the new regime?

No insurer would absorb extra liability at zero cost. Our experience tells us that, whenever one touches upon insurance, policies show a statistical trend to drive upmarket.

However a lot will depend on the possible success of the initiative. A larger number of users may contain the increase applied onto the individual client, thus mitigating the consequences of the increase in liability reflected in insurance premiums. When one looks at the current differences of liability ceilings in the different transport modes (between 2 and 17 SDR's), the choice of the upper ceiling seems overambitious.

The increase in this element of cost should be addressed in the impact assessment and a solution suggested avoiding that this, and possibly other, additional costs be simply brought onto the end user's account.

3.2.3.3. Task C: Harmonisation of semi-trailers

1) Concerning: Fiscal measures to promote the process of buying new, craneable semi-trailers.

Following measures have been considered:

- 1. Scrap-bonus for shifting non-craneable semi-trailers to craneable.*
- 2. A system based on subsidies for purchasing new craneable semi-trailers.*
- 3. Mandatory arrangements for introduction of craneable semi-trailers.*

Among the three above mentioned alternatives, we would recommend a model based on subsidisation of procurement of new craneable semi-trailers, as this will open up for a faster development of the semi-trailer fleet in direction of a craneable fleet. And within the transport industry and its clients, such a step will not be looked upon as forced upon the transport companies and their clients, but as a measure promoting transport solutions with benefits for the users and society.

Another issue which might be much in favour of the subsidisation model is the reaction from transport companies and other players involved in this part of the operation. Dictating a solution based on a mandatory arrangement when purchasing new semi-trailers might result in a fairly high degree of opposition towards such a regime, including resulting effects like registering of semis outside the borders of EU. Therefore it is strongly advised, that the introduction of more craneable units should be based on discussions with transport companies and based on a model including some degree of subsidisation.

Clecat position on this issue is notorious. We have repeatedly maintained that market forces indicate a preference for the 45' PW container, which offers all the features that are looked for in the idea of crane-able trailers, with the additional benefit to allow for

flat bed or pocket wagons to be used, according to the fact that the vehicle may be fitted with wheels or not.

An additional element should be considered: the main problem creating obstacles to the practice of exchanging semi-trailers is recognised by transport companies in the insufficient security for the equipment at journeys' ends. In order to make intermodal transport economically viable it is necessary to count on unaccompanied trailers. This exposes the equipment to risks and damages, which often discourage the operator from the intermodal solution. This is certainly a problem that needs to be addressed.

What are your reactions to this model?

Apart from its Members preference towards 45' PW container, CLECAT is not fundamentally opposed to making craneable semi-trailers more available, as long as such evolution is not imposed on the industry. Subsidies could indeed represent a kick-off help for those willing to invest in this new opportunity.

From a purely technical point of view, it should be noted that making semi-trailers craneable should not result in a loss of carriage capacity that would make the whole concept less commercially attractive. CLECAT, on the contrary, has been advocating for some time an extension of the truck's carriage capacity.

In this regard, the issue of the *modular concept* (making it possible to undertake national transport in Sweden and Finland with vehicles combinations 25.25 metres long) and other proposals contemplating weight limits at 60 tonnes could prove interesting. This concept has been presented to the European Commission at numerous occasions, most recently at a meeting on Directive 96/33. An evaluation report by the European Commission, as requested by the Transport Council when the Directive was adopted, is still awaited.

- 2) *Having worked through the possibilities for improving the use of semi-trailers in intermodal transport it seems obvious that the problems related to each individual transport mode is possible to solve. However, a critical issue left is the truck – wagon – infrastructure interface. From a theoretical point of view it is evident that the codification of the different pieces of equipment and infrastructure in the intermodal chain makes it easy to verify if a specified load can travel a specified route. However, from a practical point of view the combination of the three different pieces in a smooth and efficient manner may be more complicated than it looks at first sight.*

*Having looked at the different ways of handling it seems that the most popular way of making this combination is in terms of having a fixed block train which is able to carry specific semis along a specified route. Semis fulfilling the criteria for size and destination can be accommodated. **Will it be possible to imagining a more flexible system which is also able to work in practice? And should such a system be supported by a directive regulating the rules for approval of wagons, semis and infrastructure?***

Without any intention to discourage the hopes for solutions that we read above and keeping well in mind that any solution that would not work in practice would seem unessential, the exercise described above is the very essence of the commercial activity of a number of companies. In addition, considering the EU logistic industry has a lead in the world, the results are already positive, but we do not see what additional information we receive now from this study to make it more effective.

Clecat is moreover extremely surprised to hear the intention to even contemplate a mandatory regulation of the market of transport services that are free or have been recently liberalised.

- 3) *One of the aspects mentioned in the report on task C (chapter 7) is the establishment of a pool of pocket-wagons. There are several reasons for this step.*
- 1. The number of available pocket-wagons is presently low, and therefore, there is a fear that the availability of rail equipment will be a bottleneck for the development of the intermodal transport solutions.*
 - 2. If EU wants to promote intermodal transport, there will be a need to demonstrate the willingness to establish the intermodal solutions. It has to be discussed in detail how this should be carried out.*

Our proposal is to establish a pool of pocket wagons and have these wagons running as block trains in corridors. However, it would be necessary to discuss how such a pool can be established. Is it the existing equipment owners who should be given incentives to build up this pool? Is it a viable proposal, and can difficulties be foreseen in implementing such a proposal (apart from the financial problems)? Will it have the effect that the competitive situation becomes better seen from the rail side?

In order to better understand the point, we would welcome some clarifications on the following sentence: “to demonstrate the willingness to establish intermodal solutions”.

All in all the concept of a pool of pocket wagons would be profitably dealt with outside the scope of this project as a stand alone exercise, which should answer the following questions before being undertaken:

- What kind of legal status would the ownership of the wagons have?
- In case of public ownership, is there a need for public intervention in intermodal transport services?
- In case of private ownership, how can the problem connected with dominant position be solved?

3.2.3.4. Task D: Intermodal terminals

Fostering the development of intermodal terminals providing high-quality solutions is an idea to be supported. However, one has to keep in mind that moving goods through intermodal terminals is expensive. Physical operations to move cargo from one mode to

another normally involve very significant investment in cargo handling equipment. Modern, lower cost, cargo-handling solutions are required and we think the market is the best place for developing these. Financial incentives and grants may therefore be necessary.

1) Do you support the idea of creating a joint terminal information and data base for potential intermodal terminal/transport users and authorities? (Subtask D1)

An EU-wide “intermodal terminals information system” could be a valuable tool for transport organisers and users. However, we believe that such database should include all commercially viable intermodal points. Indeed, as regards the “definition of terminals and transfer points of European importance”, one has to be cautious with the risk of potential petrifying and anticompetitive effects of pre-selection. Any intermodal terminal and transfer point commercially competitive should ideally have the possibility to develop. Assessment of terminals should be periodical and properly maintained.

2) Do you agree that a package of the three instruments – Quality Label, Benchmarking and Standardisation - is a suitable solution to improve quality and performance at intermodal terminals? (Subtasks D2, D3, D4)

Yes, we do.

3) Do you support the idea to link intermodal terminal funding with the existence of a quality certification (ISO 9001/ ev. 14001/ ev. CEN quality standards) for internal quality and a quality label certification for the external quality?

Although quality certification has become a marketing tool, one should not forget that it still is undertaken on a voluntary basis. A direct link between public funding and quality certification therefore seems to be a step too far, all the more since, to our knowledge, such link does not exist in any “state aid guidelines” in the transport sector or in other fields. Quality certification could certainly be an element to be taken into account to wisely grant public financial help but we do not think it should be a condition.

3.2.3.5.Task E: Training

1) Do you agree with the judgement we reached in the study that currently the potential number of students for the developed vocational training per Member State (MS) is insufficient to justify setting up a training institute in each MS, and that it is therefore recommendable to establish a limited number of cross-country institutes?

The vocational pathway suggested by the study is not new, compared to the vocational training a logistic service provider should ideally be given. Unfortunately the reality is far from our wishes and very few MS’s afford any training in this field.

Proper training is needed so bad that our organisations have decided to build their own tuition schemes.

Since there is an identified industry need in skilled staff, a “start-up” training project involving trade, universities and public authorities (EU and Member States) could be carried out. A further development of this system could then be envisaged depending on the success encountered. Integrating a programme on intermodal transport with a wider logistic perspective may even provide the numbers for classes to be created in all MS’s.

2) We would like the industry to play a leading role in setting up the course and the certification/examination. This role will be limited to organisational aspects and not to the operational aspects (actually carrying out the training). Do you consider your organisation capable and willing to participate in this process?

As stated above, we attach the greatest importance to vocational training to the point of producing our own tuition schemes.

Because an active involvement of the industry is a prerequisite, CLECAT strongly supports and promotes the professional standards drawn by FIATA, the worldwide freight-forwarding organisation (www.fiata.com) that has a permanent training system managed and distributed in the world through its Advisory Body on Vocational Training. FIATA ABVT could play an important role in developing standards on the basis of its permanent training system, which has proved successful for a number of years.

3.2.3.6.Task F: IDCs

Improving awareness can only have positive results and any attempts to do so should be welcomed. For instance, FIATA and CLECAT have started programmes in agreement with UIC and CER to improve awareness of rail transport opportunities. These programmes could be greatly enhanced by the availability of support and aid. A specific request will be sent to the EU Commission in this connection and we shall be glad to hear that funds are available.

We would also like to point out that the promotion of intermodal transport comes within the tasks of the freight service providers. Their role includes the provision of advice and information to the customer in respect of transport strategies and modal choices. These are based on detailed local knowledge and experience of what is available, what is achievable and the relative costs and efficiencies.

However an additional element must be kept in mind. The modal choice is not an activity that is produced only within the EU. Shippers or corresponding logistic providers may simply decide the modal choice at the other end of the SC, thus imposing it on the EU operator. For this reason, given the fact that a worldwide network of IDC would be impossible to build, the funds allocated to their creation could be better employed by

enhancing the networking capability of the EU logistic providers, including the promotion of their activity in foreign countries.

1) Is the concept of supporting IDCs generally suitable for achieving a considerable impact on the modal shift?

As expressed in our reply to the Commission's consultation in 2003, there is no consensus within CLECAT about the idea of Intermodal Development Centres. Some are reluctant because of the difficulty to see a favourable balance between costs and benefits.

Clecat fails to see how public money could be profitably spent in creating yet another bureaucracy, whereas the same resources could be devoted to promote intermodality among existing operators.

2) Would it be preferable to prioritise IDC proposals / locations that have the most revenue-generating potential, or those that are in the most underdeveloped corridors?

If IDC's see the light anyway, despite our opinions, it would make sense that their creation happens where it is most needed, i.e. in areas where the development of intermodal solutions has not started at all.

In addition, CLECAT members have expressed some doubts about the opportunity to identify yet another set of corridors when so much energy has already been devoted to identifying the existing TEN-T's.

3) Would the transformation of IDCs into commercial transport consultancies or commercially operating branches of IDC hosting organisations after the end of EC start-up funding be perceived as unfair competition by market actors?

The answer is definitely yes, not only, Clecat is adamant that any such intimation would transform IDC's in a potential competitor for any existing intermodal service provider, thus seriously jeopardising any chance of success.

In additional we do not recognise any avail to the artificial and subsidised creation of activities that seem to be destined to ingloriously invade existing market shares for their own survival.

3.2.3.7.Task G: Cost-benefit analyses

The following is an attempt to address various questions posed on the questionnaire on the ISIC draft report. The questionnaire provides an opportunity to agree or disagree with certain conclusions in the report. The problem faced when one attempts to decide on whether to agree or disagree with the conclusions of the report is that the manner in which some of these conclusions have been arrived at is unclear. Below you shall find

some questions from the questionnaire followed by comments from CLECAT on these questions.

1) The model outcomes are based on several model assumptions. To what extent do you agree/disagree with the following model assumptions?

	Agree/Disagree
The expected modal shift potential is based on a cost price reduction of 2.5% for rail and 1.5% for inland shipping due to the ISIC actions. These cost price reductions are realistic.	

In order to comment on the price reductions, the logic behind how they have been predicted needs to be explained.

What are the ‘parameter changes’ to the white papers policy actions? Additionally the assumption that these ‘parameter changes’ will be affected by 10% is based on what logic? Why not 5% or 25%? Following an extensive examination of ECORYs, “Task G: A socio economic CBA for the ISIC actions” the manner in which the price reductions arrived at above still remains unclear.

The NEAC model employed in the TEN-STAC project¹⁰ is used to estimate the modal shift impact of ISIC. It is pointed out in the report that the ISIC actions would influence about 10% of the ‘parameter changes’ of the policy actions in the white paper. While ‘parameter changes’ is not actually defined presumably the point being made is that,

- a) The white paper envisaged that its policy actions would result in greater efficiency and consequently a reduction in the price of intermodal rail freight, inland waterway transport and short sea shipping
- b) ISIC would have an impact, additional to the effect that the white paper envisaged, i.e. 2.5% reduction in rail prices and 1.5% in Inland shipping

It is clear that showing a reduction in costs could make the whole exercise a lot more attractive. With the aid of the given data Clecat did not come to the conclusion that the reduction in costs is certain or likely. It looks just like a pleasant assumption.

	Agree/ Disagree
Each ton shifted from road to other modes leads to an increase in tonne kilometres of 60% (the ‘detour’ factor).	

In the report the ‘detour factor’ is stated as being on “approximately 60%” There is no explanation given as to how this figure was arrived and as a consequence it is impossible to agree or disagree with the figure.

As a general remark Clecat is adamant no positive detour factor will ever be acceptable. In order to embrace an intermodal solution the user must find substantial advantages; if

¹⁰ TEN-STAC (Scenarios, Traffic forecasts, and Analyses of Corridors on the Trans European Network): <http://www.nea.nl/ten-stac/>

they are clear like a much shorter trip (e.g. Baltic region) a reverse detour factor may benefit an intermodal solution. Where such conditions exist intermodal solutions are in place or about to be adopted already.

	Agree/Disagree
This 'detour' factor is highest for shortsea shipping, lower for inland shipping and lowest for rail transport.	

If ISIC is to increase the amount of short sea shipping then a detour factor far below 60% would have to be achievable. In order for short sea shipping to be attractive enough for it to remove certain cargo from road it has to be able to guarantee at least parity in terms of efficiency, cost and convenience. If a journey that was going to take 1,000 km by road is going to take 1,600 km by Sea, the sea route is unlikely to be chosen. The ratio needs to be at least reversed to gain any efficiency (e.g. in the Baltic and Mediterranean this is possible).

	Agree/Disagree
<p>The modal shift potential is distributed over the tasks in the following way:</p> <ul style="list-style-type: none"> • Task B Intermodal Liability: 18% • Task C Harmonisation Semi-Trailers: 8% • Task D Quality of Intermodal Terminals: 22% • Task E: Intermodal Training: 23% • Task F: Intermodal Development Centres: 29% 	

The above figures are based on what the report calls MCA (Multi Criteria Analysis). MCA according to the report uses the "expert opinion of all experts involved in the project".

Explanation of methodology provided in full draft report on Task G

"In the MCA, each action was ranked against each other on different dimensions and for the different transport modes. By putting weights on each dimension, normalised scores for each action were obtained, resulting in the following distribution table."¹¹

Clecat would welcome a more solid backing of this choice¹².

Following point was then made in report about reliability of the methodology

"outcomes have to be treated with care. There is a significant level of uncertainty in the outcomes. The sensitivity analysis has shown how sensitive the model outcomes are for some crucial model assumptions."¹³

¹¹ Ecory's report on, 'Task G: A Socio-economic CBA for the ISIC actions', page 10

¹² "The scores on the technical dimension count for 30% of the total score, whereas the organisational dimension is being held responsible for 70% of the final score. This is a logical consequence of the outcome that the policy initiatives influencing the technical dimension of intermodal transport are expected to contribute less than policy

Initiatives influencing the knowledge and awareness of intermodal transport solutions and

Other organisational aspects." Ecory's report on, 'Task G: A Socio-economic CBA for the ISIC actions', page 45.

The specific information given on the identity of the experts consulted and their credentials is not very extended¹⁴, some appearing to be self referring. The MCA principle seems therefore unable to provide sufficient ground for consideration. Moreover, the data shown are fragile (“*treated with care*”), they are therefore not accepted for analysis by Clecat.

2) *What do you think of the modal shift potential of the ISIC actions? Do you think a shift of 6 billion tonne kilometres from the road is realistic? Or could it be higher, or lower?*

According to the calculations in the report, if the full potential of the ISIC was realised it would only result in 0.31% reduction in the prospective road freight levels in 2020. This minute reduction would appear to call into question the justification for the entire ISIC exercise. It is questionable whether a 3 per thousand delta has a greater impact than random. It does not seem to Clecat that the expected impact justifies the action. In our opinion it would be politically impossible to justify the effort in view of the expected result.

3) *The analysis results in the following prioritising of the actions based on the benefits and costs for society. Do you agree or disagree, and why?*

Task	B/C-ratio	Conclusion	Agree/Disagree
F: Intermodal Development Centres	8.08	Extremely positive for society	
D: Quality of Intermodal Terminals	4.05	Very positive for society	
E: Intermodal Training Curriculum	2.39	Positive for society	
B: Intermodal Liability	0.93	Quite neutral for society	
C: Harmonisation of Semi-Trailers	0.45	Negative for society	

CLECAT are not particularly interested in debating the impact on society of ISIC as society should have to contribute to such projects, if they are designed to expressly benefit society rather than trade.

3.2.4. Conclusion

CLECAT is of the opinion that only few of the actions proposed by the ISIC could provide valuable assistance to the European freight transport and logistics sector. A number of additional or alternative measures are mentioned both in the preamble and within the replies to the questionnaire. Clecat would be more than pleased to initiate a

13 Ecory’s report on, ‘Task G: A Socio-economic CBA for the ISIC actions’, page 11

14 “The key expert group – containing experts from ECORYS, AMRIE, Gruppo Clas, NTUA And TETRAPLAN involved in the ISIC project – has derived weights for the scores on Both dimensions.” Ecory’s report on, ‘Task G: A Socio-economic CBA for the ISIC actions’, page 45.

dialogue on all suggestions that the Commission is willing to consider in its further steps, if there are any.

However, to be efficient in the long run, all initiatives should be carried out with intelligent modesty, without forgetting the international perspective and only after a thorough and careful cost/benefit analysis.

These conditions are fundamental to avoid

- Considerable increase in transportation costs;
- Further fragmentation of the European transport market;
- Further dispersion of freight towards a larger number of smaller vehicles;
- Erosion of logistic leadership through filtering of freight to non-EU based companies;
- Creation of artificialities distracting the attention from the real problems.

Such a situation would not withstand the market forces in the medium term and seriously impact on the EU competitiveness, given the importance of logistics in our overall trade balance.

In addition, ISIC action would only have substantial results if accompanied by necessary investment in infrastructure and full application of single market principles in combating privilege and promoting competition within and among transport modes.

The industry's commitment in the project must be gained through:

- A few clear simple goals on identified major connections;
- Embracing liberalisation and competition without hesitation (and possibly localised protection from social unrest)
- Adapted support for best practices that are showing measurable deliverables when applied on selected projects and lines
- Tax relief proportionate to Kyoto convention CO2 rights acquired
- Unbiased comprehensive environmental impact analysis taking account of all transport modes and their source of energy propulsion.

Finally, CLECAT welcomes the acknowledgment of the fact that the industry is the one who must benefit from enhancing intermodal transport: *“only if shippers and transport operators will see the benefits for their companies, they will shift from road to other transport modes”*.

Such paramount idea should be the guiding principle of any envisaged measure.

For all the above reasons Clecat is of the opinion that only a very limited number of initiatives covered by this study should be pursued. All others should be abandoned to avoid dispersion of resources or even counterproductive results.

Clecat would welcome only the initiatives covered by tasks D and E to continue.

Almost at the same time Clecat was approached by the Commission with a request to contribute to the impact assessment on the Communication on Logistics.

3.3.Impact assessment of the proposal for a Communication on “Logistics for promoting Freight Intermodality”

3.3.1. ‘Stakeholders’ consultation questionnaire (Abridged)

3.3.1.1.Introduction

CLECAT was established in 1958 in Brussels, where it represents today 28 national organisations of European multinational, medium and small freight forwarders and Customs agents, thus representing the largest and oldest institution of its kind. Freight forwarders and logistic service providers¹⁵ master the entire supply and value chain on behalf of their clients. Their logistic solutions satisfy both production and consumption, both supply and demand and make sure their expectations are satisfied, ensure that goods move from the point of origin to reach their final destination at the right place, at the right time and in good shape. For this purpose, they utilise the entire and complex logistic infrastructure with a totally unprejudiced and cost-efficient approach. Freight forwarders and logistics service providers do not privilege any means of transport or transport infrastructure as such, although some may own a great many equipment and infrastructure. In general they own or run the warehousing facilities where cargo is handled. The “weight” of our industry in logistics may vary according to the type of service, but it is invariably counting for over half of the whole, in some cases, like in airfreight, for over 90%.

The value of our industry to the GDP of EU MS’s is not uniform, but it constitutes between 6% and 8% in the biggest European markets such as Germany, France, Great Britain and Italy¹⁶. Other countries such as Belgium¹⁷ and Holland consider logistics their leading industry.

3.3.1.2.Participation of Clecat federations

A group of Clecat Members covering a population of approximately 200 millions took the time to reply to the questionnaire, these members cover large part of central Europe and part of the northern periphery.

The replies have been assembled and reduced to small statements which address each of the questions. It was impossible (and probably counterproductive) to limit our replies to tick the prearranged answers, in conveying such a supranational reply.

¹⁵ See official description of « freight-forwarding and logistics services » as adopted by CLECAT & FIATA : http://www.clecat.org/index.php?option=com_content&task=view&id=42&Itemid=9

¹⁶ Our Italian member organisation Fedespedi (www.fedespedi.it) notified 8% in Italy, trend +3-4% a year in the last 5 years.

¹⁷ A study was provided by our Belgian member organisation CEB (www.conexbe.be; www.delloyd.be)

The resulting replies have been re-circulated to all Members for assessment on a silence-agreement principle. The base of this observatory is exceeding the limits of the EU and covers a population of 600 millions, from west Portugal to Turkey, from Norway to Malta. Some MS's professional organisations in the periphery of the EU, which hold rights to 43 Council votes, have not participated in this exercise.

3.3.1.3.Preliminary observations

Even before starting the analysis of the following replies, one could detect some line of thought from the answers received. Most of the federations see this exercise to be indifferent on the “modal choice”, in other words they do not think any of the proposed measures would have any influence on the modal choice. No one has even considered the idea that this could make intermodal transport (or logistics at large) cheaper, if anything a little more expensive.

The degree of scepticism on this initiative is inversely proportional to the peripheral location of the countries, in other word Germany is the most central and the most sceptical.

The same observations seem to go as regards the constraints of the industry. The most sceptical about positive results are the most congested and less liberal areas in terms of road transport. The more road transport is liberalised (also in terms of weights and dimensions) the more positive is the approach of the industry towards intermodality. This observation may be unexpected, but it is consistent. It has not been observed this time only and it seems to run in the opposite direction of penalising the road to favour other modes. This latter attitude seems not only unacceptable ideologically, but effectively counterproductive for alternative modes of transport.

The above trend was observed in administering the questionnaire at first sight. The use of intermodal solutions seem to be enhanced by the existence of fully liberalised road and rail markets. A restrictive approach to road transport, even in weights and dimensions, does not seem to induce a greater recourse to intermodal solutions, quite the contrary. What is just a superficial observation could hide far greater implications and is worth thorough scrutiny.

3.3.1.4.Replies

3.3.1.4.1. Area A: Framework Measures to Improve Quality

1. *Possible action EC: Introduce a voluntary **quality label** in order to create a set of standards for the industry. The label could constitute as an effective marketing tool. The label might function as an ‘umbrella’ certificate containing minimum training requirements, security requirements, ISO and CEN standards.*
 - a. *What elements should be included in such a quality label?*

CLECAT members generally support common training requirements. Benchmarking could result in drawing an industry code of conduct.

b. Who should take the initiative for such an action?

This action could be initiated by the European Commission with a close involvement of the industry. As for a code of conduct, CLECAT favours a tripartite approach: Commission, industry, MS

c. What should be the role of the European Commission in this (more answers possible)?

The European Commission could develop a harmonised training scheme. As for the code of conduct, it could initiate the tripartite approach, led by the industry.

d. What should be the role of the industry/market in this (more answers possible)?

The industry should be closely involved in drawing the elements of an EU training scheme. The code of conduct should be market-led and the industry should thus have the lead on this item.

e. How will this action influence Intermodal Transport Services?

Although there is no strong majority, CLECAT members tend to believe that such exercise will make ITS more expensive, while the effect on use/quality of services is expected to be neutral or possibly positive. The same goes for image/awareness of ITS.

f. How will this action influence logistics efficiency in Europe?

The influence on logistics efficiency should be neutral or maybe slightly positive in the long run.

2. *Possible action EC: Realisation of a multimodal/intermodal and/or cross-mode **benchmarking exercise** (that could feed into a logistics quality concept). Benchmarking is a continuous process of measurement of products, services and work processes, against others (preferably leaders) in the same or different industries.*

a. Who should take the initiative for such an action?

Most of CLECAT members favour an industry initiative, though the European Commission should also be involved.

b. What should be the role of the European Commission in this (more answers possible)?

The European Commission's main role should take the form of full financial support and coordination in the development of tools and methods.

- c. *What should be the role of the industry / market in this (more answers possible)?*

The industry should definitely have the lead in the development of tools, methods and standards. Some CLECAT also envisage part financial support.

- d. *How will this action influence Intermodal Transport Services?*

CLECAT members expect a neutral effect on prices of services or possibly an increase of the latter. The effect on service quality is considered as neutral, though some may expect an improvement in the long run. Finally, CLECAT members do not anticipate any effect on use of services, although the image/awareness should improve.

- e. *How will this action influence logistics efficiency in Europe?*

The influence on logistics efficiency should be neutral or maybe slightly positive in the long run.

- f. *How could the benchmarking exercise best be realised?*

Most CLECAT members would favour a separate action.

3. *Possible action EC: Create **IT interoperability** in supply chains in order to create one-stop administrative shopping. Establishing one-stop administrative shopping in a diversified market becomes difficult and requires specific interfaces between systems.*

- a. *How can IT Interoperability best be realised (more answers possible)?*

Although CLECAT is generally cautious with the actual possibility of achieving full IT interoperability, some of its members consider that it can be worth examining in particular open architecture for communications and tracking and tracing technology.

- b. *Who should take the initiative for this action?*

CLECAT members would generally prefer a common initiative stemming from the European Commission, the MS and the industry.

- c. *What should be the role of the European Commission in this (more answers possible)?*

The European Commission should give its full financial support and coordinate the development of supportive tools, methods and standards.

- d. *What should be the role of the industry / market in this (more answers possible)?*

The industry should have the lead in the development of supportive tools, methods and standards, under the coordination of the Commission.

- e. *How will IT Interoperability influence Intermodal Transport Services?*
CLECAT members are not unanimous as regards the effect on prices. One could expect an increase to start with and eventually a decrease. Quality of services is generally expected to improve. However, CLECAT members do not anticipate any effect on use of services, although the image/awareness should improve.
 - f. *How will IT Interoperability influence logistics efficiency in Europe?*
IT Interoperability should have positive effects on logistics efficiency.
4. *Possible action EC: Work towards a European regime for **intermodal liability**. This could include the introduction of a voluntary system for Europe or it could be a patchwork covering the missing links in existing regimes.*
- a. *Do you experience any problem with the existing rules and regimes?*
CLECAT members are unanimously against any active role of the European Commission.
 - b. *Who should take the initiative for this action?*
Although CLECAT members do not all identify a need for action, they all believe that any action should be undertaken at international level (UNCITRAL).
 - c. *How will this action influence Intermodal Transport Services?*
CLECAT members do not expect much effect on ITS, though some see possible little improvement in quality and use of the service.
 - d. *How will this action influence logistics efficiency in Europe?*
There is no consensus as regards the overall impact on logistics efficiency. Most members expect it to be neutral.

3.3.1.4.2. Area B: Promotion and Co-operation with Stakeholders

5. *Possible action EC: Compile a “Programme for the **Promotion of Intermodal Logistics**” by establishing Intermodal Promotion Centres and measures to improve the image of intermodality (promotion, education, training material etc). The Intermodal Promotion Centres might act as a catalyst non-profit organisation which neutrally works on developing Intermodal freight solutions along European corridors with a high Intermodal potential, overcoming barriers, improving communication and creating synergies among actors, and generally supporting the shift towards more environmentally friendly modes of transport.*
- a. *Would this action fulfilling existing needs?*
CLECAT members do not see any existing need to justify such action.

- b. *How should the promotion best be organised?*
Should such action be undertaken (see answer to question a), it is believed that the scope of existing SSPC should be widened.
- c. *Who should take the initiative for this action?*
No one should take any initiative in this field.
- d. *What should be the role of the European Commission in this (more answers possible)?*
The European Commission should have no active role.
- e. *What should be the role of the industry / market in this (more answers possible)?*
The industry is already promoting intermodal solutions when it makes sense commercially. Further dissemination of best practices could be envisaged (see question 6).
- f. *How will this action influence Intermodal Transport Services?*
Further promotion of intermodal logistics would have no effect on ITS.
- g. *How will this action influence logistics efficiency in Europe?*
Further promotion of intermodal logistics would have no influence on logistics efficiency.

6. *Possible action EC: Compiling news on Intermodal transport and distribute **success stories and best practices** in Europe such as start-ups, joint ventures, new services, new routes and innovations, helping to assess trends in the industry.*

- a. *Who should take the initiative for this action?*
The initiative should stem from industry with the involvement of the European Commission.
- b. *What should be the role of the European Commission in this (more answers possible)?*
The European Commission could partially subsidise market initiative and possibly coordinate the development of supportive tools and methods.
- c. *What should be the role of the industry / market in this (more answers possible)?*
The industry should also partly finance initiative and have the lead in the development of supportive tools and methods.
- d. *How will this action influence Intermodal Transport Services?*
No effect is expected on prices. For the rest, CLECAT members generally anticipate neutral effects and possibly some gains service's quality, use and image in the longer run.

- e. *How will this action influence logistics efficiency in Europe?*
Dissemination of best practices in Europe is considered as having positive effects on logistics efficiency.
7. *Possible action EC: Looking into improvements in **environmental sustainability** of intermodal logistics solutions (e.g. ship emissions, rail noise) by developing innovative and sustainable intermodal transport concepts.*
- a. *Who should take the initiative for this action?*
Although not all CLECAT members have identified a need for research in environmental sustainability of intermodal logistics solutions, they generally favour an industry initiative with the financial support of MS and European Commission (start-up aid)
 - b. *What should be the role of the European Commission in this (more answers possible)?*
The European Commission should grant full financial support to market initiatives. It could also have a coordinating role in the development of supporting tools and methods.
 - c. *What should be the role of the industry / market in this (more answers possible)?*
The industry should have the lead in the development of supportive tools, methods and standards.
 - d. *How will this action influence Intermodal Transport Services?*
No effect is expected on prices. For the rest, CLECAT members generally anticipate neutral effects and possibly some gains service's quality, use and image in the longer run.
 - e. *How will this action influence logistics efficiency in Europe?*
This action is not expected to affect logistics efficiency, though some positive effects could be brought in the long run.
8. *Possible action EC: Optimise the **loading capacity** and utilisation of that capacity by proposing a European Intermodal Loading Unit - EILU).*
- a. *The current amended proposal for a Directive on European Intermodal Loading Units*
(http://www.europa.eu.int/comm/transport/intermodality/legislation/standardisation_en.htm)
CLECAT members believe that this proposal should recognise that other intermodal loading units, and in particular the 45' pallet-wide container, serve such intermodal needs.

- b. *Who should take the initiative for this action?*
No one should take initiative. The industry should be left to decide on the best solution.
- c. *How will this action influence Intermodal Transport Services?*
An intermodal unit would not affect service prices. But an additional standard would surely make it more expensive.
The development of a specific EILU would have no effect on service's use, quality or awareness. However, internationally recognised solutions (45' PW container) have the potential of improving these 3 service's characteristics.
- d. *How will this action influence logistics efficiency in Europe?*
The development of a specific EILU would have no influence on logistics efficiency. However, internationally recognised solutions (45' PW container) would be positive in this respect.
9. *Possible action EC: Initiate a logistics/intermodal **bottlenecks exercise**, concentrating on operational problems (not on infrastructural problems). The idea behind this is that bottlenecks need to be identified and made bit-size before they can be tackled.*
- a. *Who should take the initiative for this action?*
This action should be initiated collectively by the EC, MS and industry. It could also be included in a benchmarking exercise.
- b. *What should be the role of the European Commission in this (more answers possible)?*
The European Commission could partly subsidise market initiative and coordinate the development of supportive tools and methods.
- c. *What should be the role of the industry / market in this (more answers possible)?*
The industry should also partly finance the initiative and have the lead in the development of supportive tools and methods.
- d. *How will this action influence Intermodal Transport Services?*
This action is expected to have positive effects on service's use, quality and image and, possibly, on prices.
- e. *How will this action influence logistics efficiency in Europe?*
This action is expected to have a positive influence on logistics efficiency.
10. *Possible action EC: Create a **brainstorming platform** for intermodal logistics. Europe is lacking a neutral platform bringing together the logistics industry,*

intermodal industry, transport operators, transport users, Member States and Commission, and enabling a wide exchange of views and discussion on European transport logistics. To enhance European co-operation, a group of focal points for intermodal logistics could be created. These focal points would be representatives of their respective national administrations, share know-how and provide input for improving the framework conditions for intermodal logistics in Europe.

a. Who should take the initiative for this action?

There is no consensus on who should initiate such action. The industry should have a leading role and the platform should include main players and restrict its activities to bottlenecks.

b. What should be the role of the European Commission in this (more answers possible)?

The European Commission could partly subsidise market initiative and coordinate the development of supportive tools and methods.

c. What should be the role of the industry / market in this (more answers possible)?

The industry should also partly finance the initiative and have the lead in the development of supportive tools and methods.

d. How will this action influence Intermodal Transport Services?

There is no expected effect on prices but CLECAT members anticipate gains in service's quality, use and image.

e. How will this action influence logistics efficiency in Europe?

The influence of such action on logistics efficiency should be positive.

11. *Possible action EC: Carrying out a **market observatory** (examining issues such as standardisation, interoperability, promotion, benchmarking, training and certification). In principle it would be a technical body carrying out the specific task under the mandate of the Commission.*

a. Who should take the initiative for this action?

The European Commission should initiate this action with a close involvement of the industry.

b. What should be the role of the European Commission in this (more answers possible)?

The European Commission should grant full financial support to market initiatives. It could also have a coordinating role in the development of supporting tools and methods.

c. *What should be the role of the industry / market in this (more answers possible)?*

The industry should have the lead in the development of supportive tools and methods.

d. *How will this action influence Intermodal Transport Services?*

There is no expected effect on prices but CLECAT members anticipate gains in service's quality, use and image.

e. *How will this action influence logistics efficiency in Europe?*

The influence of such action on logistics efficiency should be neutral or possibly slightly positive.

3.3.1.4.3. Area C: Co-ordinating Policies and Targeted Research

12. *Possible action EC: Ensure more **targeted coordination of different transport policies** (e.g. shortsea shipping, Motorways of the Sea, rail liberalisation, Trans-European Transport Network, transport security, customs framework) and steering tools (e.g. Marco Polo, European Intermodal Loading Unit, Galileo, Automatic Identification System), to create a better framework for intermodal logistics solutions.*

a. *Who should take the initiative for this action?*

The European Commission should obviously initiate such action. MS and industry should also be closely involved.

b. *How will this action influence Intermodal Transport Services?*

There is no expected effect on prices. As regards service's quality, use and image, some CLECAT members do not anticipate effects while others see some possible gains.

c. *How will this action influence logistics efficiency in Europe?*

Although some see neutral influence, others expect positive effects on logistics efficiency.

13. *Possible action EC: Continue **targeted RTD**, ensure research and technological development towards innovative solutions for advanced integrated logistics for intermodal solutions in FP7. Currently, the European Intermodal Research Advisory Council (EIRAC) is a peer group of high level industrial players who are developing a Strategic Research Agenda (SRA) for Intermodal Transport.*

a. *How could targeted RTD best be realised?*

EIRAC suggestions should be followed with a close involvement of the industry.

- b. *Who should take the initiative for targeted RTD towards intermodality?*
The European Commission should take the initiative with the involvement of the industry.
- c. *What should be the role of the European Commission in this (more answers possible)?*
The European Commission should grant full financial support to market initiatives. It could also have a coordinating role in the development of supporting tools and methods.
- d. *What should be the role of the industry / market in this (more answers possible)?*
The industry should have the lead in the development of supportive tools and methods.
- e. *How will this action influence Intermodal Transport Services?*
There is no expected effect on prices. As regards service's quality, use and image, some CLECAT members do not anticipate effects while others see some possible gains.
- f. *How will this action influence logistics efficiency in Europe?*
Although some see neutral influence, others expect positive effects on logistics efficiency.

14. *Possible action EC: Improve the quality of **intermodal statistics** (together with Eurostat and the industry).*

- a. *Is there a need for improved intermodal statistics?*
CLECAT members would welcome improve intermodal statistics but the administrative burden for industry providing the data has to be taken into account.
- b. *Who should take the initiative for this action?*
The initiative should stem from the European Commission, with the involvement of MS and the consultation of the industry.
- c. *What should be the role of the European Commission in this (more answers possible)?*
The European Commission could grant its full financial support to market initiatives and ensure the development of supportive tools and methods thanks to possible legislative instruments.
- d. *What should be the role of the industry / market in this (more answers possible)?*

The industry should contribute to the development of supportive tools and methods, in particular as regards the “friendliness” of data provision methods.

- e. *How will this action influence Intermodal Transport Services?*
The influence on ITS is expected to be neutral in all respects.
- f. *How will this action influence logistics efficiency in Europe?*
The influence on logistics efficiency is expected to be mainly neutral, though some positive effects could occur in the long run.

15. *Possible action EC: **Exchange** of ideas and best practices with **major global trading partners (e.g. USA, Australia, Japan, China)** and neighbouring countries outside the EU. The practical levels of cooperation remains to be defined.*

- a. *Who should take the initiative for this action?*
CLECAT members are very doubtful on the usefulness of such action. Should it be however undertaken, the initiative should stem from the European Commission.
- b. *How will this action influence Intermodal Transport Services?*
A neutral influence is expected for prices and service use. The same goes for service quality and image though some see potential positive effects.
- c. *How will this action influence logistics efficiency in Europe?*
The greatest majority of CLECAT members anticipate neutral effects on European logistics efficiency.

3.3.1.4.4. Questions on the overall Communication

16. *Do you agree that the approach chosen by the European Commission to establish framework conditions for intermodal logistics is a suitable approach for Europe?*

The answers to this question highlight differences of opinions according to the geographical position and state of competition enjoyed by CLECAT members. Whereas peripheral countries have some hopes in “framework conditions for intermodal transport”, transit countries are more doubtful and even fear counterproductive effects. However, no one seems to cultivate big hope on the positive outcome of this initiative.

17. *Will stronger coordination of the listed actions by launching an Action Plan strengthen intermodal logistics policy in Europe?*

The answers to this question reflect the situation described above. CLECAT members are however even more unconvinced in the expected effects.

18. *What are the three priority actions the Commission should focus on in your opinion?*

1: Improve the transport infrastructure and the access thereon
2: Support rail harmonisation and interoperability
3: One-stop administrative shops & enhanced cooperation to tackle bottlenecks

19. *Do you have further suggestions for actions that might be taken at European level to develop Freight Intermodality and Intermodal Logistics (infrastructure measures fall out of the scope of the Communication)?*

Use national benchmarking to assess best practices in the field of cooperation between the industry and public decision-makers

20. *Are there any relevant other things you want to mention?*

Quality is the key to improving intermodal transport, however quality is hardly an item that can be imposed.

3.4. Press Release

Subsequently, on March 23rd 2006 Clecat decided to produce a rather provocative press release, which reads as follows:

If you like honey, do not disturb the bees!

A reply to the European Commission's consultation on logistics.

The European Commission's consultation on logistics came to the tables in Brussels. It was expected. Yet, one wonders why it came at all. European logistics has acquired world leadership almost without (or thanks to the absence of) any specific EU policy.

Careful consideration of possible consequences is necessary. CLECAT warns the European Commission against the political risks of legislative proposals that may compromise the competitiveness of a sector that faces harsh international competition successfully and enjoys a buoyant share in the EU GDP.

CLECAT, representing the logistics sector in Europe, appreciates the self-implied acknowledgement of its contribution to the EU competitiveness and growth. Nonetheless, for this very reason EU decision-makers should cautiously take account of the following objections, before (or instead of) taking action:

- *Intermodality is not the "miracle cure" to mobility problems: intermodality is only a logistics tool, the use of which should be encouraged as and if it makes business sense. Logistics service providers cannot act as, or be identified as implementing agents of policy objectives that are "decoupled" from business requirements.*
- *The international dimension of logistics is paramount in any standardisation process (for loading units, communication equipment etc.). Regional standards entail the risk of market fragmentation with direct hampering effects on European logistics efficiency. Market forces are perfectly capable of choosing their champions.*
- *Whilst "one-stop administrative shopping" is a useful facilitation tool, **the creation of "one-stop commercial shops" would artificially create unfair competition, using publicly subsidised entities to disturb an existing activity, which logistics service providers are providing efficiently.***
- *A European-only framework for multimodal liability would be no more than "just another liability regime", which would increase confusion and discourage customers. Transport is characterised by globalisation and a regional regime would not provide any simplification, if anything, more uncertainty and larger revenues for lawyers and consultants. Where is the trade off?*

➤ *This Consultation should not divert the attention from the most important obstacles faced by the transportation industry: **insufficient liberalisation, absent or insufficient full and fair competition in some areas, insufficient and/or poorly maintained infrastructure all over Europe.***

These are the main observations made by Clecat. The Board of Clecat approved the attached public position paper unanimously during its session yesterday in Zurich.

Considering the level of policy making and the fact that this document is a summary of the views of Clecat Members which still remain the same, it is worth reading the document again. This bodes for instructive reading for many and would come as no surprise to all professionals who appreciate the importance and complexity of logistics in modern trade.

3.5. Public position Paper approved by the Board of Clecat on March 22nd 2006

Consultation Document on Logistics for Promoting Intermodality

3.5.1. Preamble

CLECAT was established in 1958 in Brussels, where it represents today 28 national organisations of European multinational, medium and small freight forwarders and Customs agents, thus representing the largest and oldest institution of its kind.

3.5.1.1. Logistics ‘r’ us!

Freight forwarders and logistic service providers¹⁸ are the real masters of the supply and value chain. They craft logistic solutions that satisfy both production and consumption, both supply and demand and make sure their expectations are satisfied, ensure that goods move from the point of origin to reach their final destination at the right place, at the right time and in good shape. For this purpose, they utilise the entire and complex logistic infrastructure with a totally unprejudiced and cost-efficient approach. Freight forwarders and logistics service providers do not privilege any means of transport or transport infrastructure as such, although some may own a great amount of equipment and infrastructure. In general they own or run the warehousing facilities where cargo is handled. The “weight” of our industry in logistics may vary according to the type of service, but it invariably accounts for over half of the total, and even for over 90% in cases such as airfreight.

3.5.1.2. CLECAT interest in the consultation

The very nature of the professions represented by our organisation gives us an enormous interest in this exercise. At this period of midterm review of the 2001 White Paper, we are glad to see that logistics will be at the heart of the reorientation of the EU Transport Policy. We take such reorientation as an acknowledgement of the substantial contribution of our sector to the EU competitiveness and growth. The value of our industry to the GDP of EU MS’s is not uniform, but it constitutes between 6% and 8% in the biggest European markets such as Germany, France, Great Britain and Italy¹⁹. Other countries such as Belgium²⁰ and Holland consider logistics their leading industry. This makes it one of the most significant resources of growth for the EU. We should also be proud of the fact that the EU is the world leader in logistics. Ensuring that this status is maintained should underpin any EU policy. It is in the interests of the entire EU to avoid any action that may result in its competitiveness being compromised.

¹⁸ See official description of « freight-forwarding and logistics services » as adopted by CLECAT & FIATA : http://www.clecat.org/index.php?option=com_content&task=view&id=42&Itemid=9

¹⁹ Our Italian member organisation Fedespedi (www.fedespedi.it) notified 8% in Italy, trend +3-4% a year in the last 5 years.

²⁰ A study was provided by our Belgian member organisation CEB (www.conexbe.be; www.delloyd.be)

Without any attempt at discouraging the interest the EU institutions take in logistics, we wish to draw everyone's attention to the fact that our industry has acquired world leadership whereas it has almost been ignored by policy makers so far and perhaps because of this. Any attempt at touching upon its delicate market balance could come to a very dear political price for those who decided to do so, if it compromised its competitiveness in the future.

3.5.1.3. Background actions & involvement

CLECAT has been closely following the initiatives that led to the present consultation. In 2003, we produced detailed comments on the various fields in which the Commission envisaged an action within the framework of the consultation on a "Freight Integrators Action Plan" (FIAP). The FIAP then gave rise to the ISIC Project (Integrated Services in the Intermodal Chain) in which CLECAT was very much involved through its position as an active member of the Advisory Board, where we took a somewhat critical stand. Indeed, a thorough investigation convinced us that the cost-benefit analysis was founded on presumptions rather than facts. We could not be happy with such a cost-benefit analysis being used to justify further legislative initiatives at EU level.

CLECAT, together with a number of important stakeholders, also informed both the Commission and its advisors that a number of the envisaged actions were not welcome and risked being counterproductive. We are therefore only very moderately happy with the fact that only part of the actions, which were strongly discouraged, has been abandoned in the meantime.

3.5.2. Introduction

Before entering into detailed comments on the need for a European intermodal strategy and the specific actions envisaged for "*maintaining logistics excellence*", we should like to make some general observations on a number of concepts and assumptions underlying the present debate.

The consultation is presented as a complement to two of the White Paper's objectives: enhancing cooperation between transport modes (also described as integration of transport modes or intermodality) and shifting road freight transport onto other transport modes. Whilst CLECAT welcomes initiatives aiming at developing intermodality, we would like to clarify an important point. Intermodality should not be seen as the ultimate transportation goal. Intermodality is a tool the use of which should indeed be enhanced and possibly promoted as and if it makes sense. We are very concerned with the ongoing wave of thought that sees intermodality as the universal remedy to all mobility problems. Such a conviction may only lead to additional disillusionment or bitter confrontation with reality. We have said and we wish to repeat that there is not one single "miracle cure" to the problems we are facing.

As regards the political aim of "modal shift", it leaves our companies rather perplexed, in particular when we think that we are unable most of the time to benchmark comparable performances in service quality. Very often one simply does not have a choice.

Freight forwarders and logistic services providers have a neutral approach towards transport modes. Ideally, they should be able to enjoy a “modal choice”, i.e. the possibility to choose the mode that best suits their client’s needs among several. Reality is however somewhat different and non-road transport modes do not show comparable qualities (in terms of efficiency, reliability and cost). Hence we are often compelled to take road service, because no other service is available. CLECAT is therefore of the opinion that a “forced” modal shift should be avoided, at least for one good reason: the absence or scarcity of real alternatives would simply result in lower level of services and higher costs.

In principle we are happy to see that the consultation rightfully acknowledges this dilemma when it mentions that “*managing the complexity of transport flows in a modern society requires high efficiency from transport modes*”. In this light we recognise the efforts that the Commission has put in place to foster competition on the rail and to create conditions for the liberalisation of transport infrastructure. It is however impossible to agree on an artificial pressure toward a modal shift until the full results of these policies have come to be successfully digested by the industry.

The lack of comparable efficiency of other transport modes cannot be compensated by measures making road transport less attractive. For instance, rail performance will not be improved by weakening road transport. In this regard, we cannot adhere to the concept according to which “*intermodality is of fundamental importance for developing competitive alternatives to road transport*”. This implies that intermodality is a competitor of road transport or, in other words, road transport is not a component of intermodality. Sustaining that road transport and intermodality are alternative one to the other is nothing else but a short sighted way of looking at a very complex landscape. It is technically unrealistic to exclude road transport from the idea of intermodality. The end legs of any intermodal journey are normally road connected and it is impossible to ignore that road feeding is the normal condition for almost 100% of any logistic service. We repeat again that transport modes must be seen as supplementary to one another and not in contradiction with one another.

One could argue that the growth of road transport increases congestion, road accidents and pollution. On the one hand we cannot ignore that the growth of road transport was not met with an adequate infrastructure planning. We repeat that putting hopes in an idea such as “decoupling” was the main reason why nothing has been done to seriously address these problems in recent times. Consistent infrastructure maintenance and building would have probably contributed to mitigating the problems.

As regards pollution, one cannot ignore the considerable improvements that road transport has made in the field of emissions in the last decade with the introduction of EURO 3, 4 and soon 5 trucks. Furthermore, if one takes a wider perspective and throws the source of propulsion energy into the picture, certainties become less adamant. As regards congestion, professional freight transport can be held responsible only for a

fraction of it, and one should not forget that private cars and own-account transport play their substantial part, not to mention insufficient infrastructure, as we have just said.

All in all, CLECAT welcomes the fact that the European Commission intends to “*improve the institutional preconditions that Europe can offer for logistics innovation*”. In the present market and institutional conditions, European logistics have managed to become a world leader. Innovation surely is an important element in order to maintain this position. We would however like to warn that such innovation cannot be solely aimed at developing intermodality. Contrary to what the consultation suggests, it is not logistics but the quality of the various transport modes that constitutes the precondition for intermodality to become a viable choice for the industry. Intermodality is a tool of logistics and not the contrary!

3.5.3. The need for an intermodal logistics strategy

The consultation identifies a number of European policies that would need more targeted coordination in order to “create a better framework for intermodal logistics solutions”. Bearing in mind the above remarks on intermodality and logistics, CLECAT would like to comment on these policies.

3.5.3.1. Internal market: liberalisation and harmonisation

CLECAT welcomes and supports liberalisation and harmonisation, both elements being the backbone of an efficient internal market. This concept underlies all CLECAT position papers.

Harmonisation and especially liberalisation seem to go hand in hand with success in transport services. Suffice to say that the two sectors which reported best performances in the last few years are both almost entirely liberalised and enjoy a comparatively high degree of harmonisation. They are road transport and short sea shipping.

Despite its inception in 1991 harmonisation and liberalisation on the rail is still not fully accomplished

The assumption that “*rail liberalisation is becoming a reality*” should therefore be taken in perspective. Indeed, although private railways are increasing their presence in some countries, a lot remains to be done before one can speak of a “liberalised European rail freight market”. Rail is not yet an option “*for transport users for a variety of competitive intermodal services*”, simply because rail freight transport does not yet deliver the same level of quality as other modes, and in particular road transport. The degree of harmonisation in the rail is certainly not as high as in other modes and the lack of harmonisation has been seen by a number of operators as a means to safeguard commercial advantages or positions.

CLECAT has repeatedly pointed out the need for removal of dominant positions and a full implementation of the first and second railway packages. These are the actions that would be needed and on which the Commission should use all its inspective powers.

All this being said, although a lot remains to be done for rail freight transport in general to become a regular solution, one must not ignore that there are a number of examples of well-functioning train shuttles running through Europe with a very satisfactory level of performance. These examples are particularly present on markets that enjoy a high level of liberalisation and harmonisation. The success of these undertakings could lead to the EU rail freight sector as a whole recognising the benefits of improving service quality.

The temptation to create “reservations” and to curb competition is always present and it conquers proselytes where there once were none. We observe an unprecedented push toward protectionism in the road transport sector, which may have a serious impact on the performance of this mode of transport in the long run. For example incomprehensible measures have been adopted in some MS’s, such as Poland, and in candidate countries, such as Turkey, which are far from functioning in the best interests of intermodal logistics and seem to be satisfactory only for heavy vehicles manufacturers and the most conservative part of the haulage sector.

3.5.3.2. The international dimension

CLECAT is glad to hear that “*logistics is becoming increasingly important not only within Europe but also for Europe’s international business relations*”. We take such a statement as an eventual acknowledgement of the sizeable contribution of logistics to the EU GDP. Logistics exist indeed also at continental level, but there is no need to take a parochial look at logistics.

The international dimension of logistics is paramount when making legislative proposals in standardisation of intermodal equipment, communication systems, intermodal liability etc. Touching upon the existing international rules and customs needs to be done with caution in order to avoid disruption and distortions.

Whereas EU-only solutions entail the risk of fragmenting our market or setting Europe outside international traffic flows, we support the stimulating role that the EU can play in international forums. There is no doubt the EU has the right and the duty to propose and promote international harmonisation and standardisation. It has however the duty to abstain from promoting local measures that would sever its citizens from the rest of the world.

Finally, as regards cooperation among logistics centres in the world we would like to point out that such cooperation already occurs both at industry level within and between companies and at institutional level through professional organisations such as FIATA (International Federation of Freight Forwarders Association, www.fiata.com) and others (Joint ECMT/UNECE Working Party/Group on Intermodal Transport and Logistics, for instance) in their different roles and functions. Where appropriate we know the EU is

always represented. We sincerely fail to see which additional role the EU Commission would identify for its services in this connection.

3.5.3.3. Infrastructure

We are happy to see that the Commission recognises that *“the quality of infrastructure is a key element in (...) transport logistics”*. As we have already said, considering the “lack of suitable infrastructure”, one must recognise that the EU logistics sector is performing rather well.

This said, we share the consultation’s idea that “current infrastructure should first be used at an optimal level”. CLECAT would add an idea to the list of possible solutions: promoting “smart” use of infrastructure such as night time driving by encouraging differentiation in infrastructure charging as a way to mitigate congestion.

Finally, we side with the Commission in demanding more funds for infrastructure. We are told the amount of EU financial support will be far from sufficient to cover the ambitious TEN-T programme, let alone any other. Considering the exorbitant contribution the transport sector is paying to the cash of MS’s and the Community we regard such statements as disrespectful and hopeless. The bill faced by transport users is second to none, yet insufficient investments were made in the last two decades with very few exceptions.

In general, when obliged to prioritise, CLECAT would favour projects which improve cross-border connections and contribute to removing bottlenecks, on the understanding that such improvements be always market oriented. In consideration of how the market is structured, Clecat is of the opinion that the TEN-T should also reconsider its modal distribution. Even taking into account the fact that freight transport shares infrastructure with passengers’ it is impossible to ignore that the modal distribution of the approved projects is not connected with the present mode distribution and seems to intentionally privilege a pre-established modal choice.

Clecat understands this is not the right place and time to question decisions already taken; only time will tell whether these funds have been properly allocated.

3.5.3.4. Standardising loading equipment

CLECAT is also of the opinion that *“common technical standards widely accepted by manufacturers and operators are the key to making intermodal transport and related logistics more efficient”*. This being said it is extremely important to refrain from the ambition of “making history”. Market led, international standardisation is normally the best solution. We would like to stress once again that an international approach is paramount. The creation of regional standards would have counterproductive effects and imply unprofitable investments. We appreciated the Commission decided to leave the development of the EILU to the industry.

A growing interest for the use of 45' pallet-wide containers is perceptible and any legal constraints impeding its use in EU intermodal transport need to be seen as counterproductive measures hampering the development of intermodality.

3.5.3.5. Modern innovations in information technology

Clecat is particularly appreciative of the optimism that we read in the statements of the consultation paper. However too much optimism may be counterproductive and needs to be put in perspective.

It is true that NCTS, RFID, XML (ebXML), EDI/EDIFACT are now mainstream expressions and would surprise no one. It is also true that most of our companies have either already adopted or are rapidly making plans for adopting tools such as RFID and 100% are now using NCTS.

We must however stress that these are just acronyms, they are tools that will help us streamline the administrative burden and resolve the contradiction between speed and accuracy which is the perennial dilemma of logistics, but they must not be seen “the” solution. They are helpful, but again they do not represent a miracle cure. They will just help us become comparatively more efficient. From a general point of view, technology should play a supporting role, following thorough business design analysis and focussing on processes and procedures.

Clecat is heavily involved in the process of dematerialisation of Customs and transport documents. We had big hopes to see everything coming together at the end of the ‘90’s, but then something went slower and we now know that it will take probably ten years to see a paperless environment in logistics, if we all work in harmony for the same goal.

We feel obliged to warn the Commission that expressions such as: “*Public-private partnerships could play a significant role in this process.*” may elicit undue hopes and create considerable misunderstanding.

PPP is a useful tool for providing our society with the infrastructure we could probably not afford if we had to rely exclusively on public funds. When talking of ICT equipment and its considerable advantages in doing business, we must consider that the investment is being made both in the public sector and by private enterprises individually. The level of the investment barrier is individually fairly small, and it comes to big numbers only if it is considered as a whole, as if we were talking of colossal collaborative environment, but this is not the real situation.

Logistic services are structured as networks and work as networks in respect of any external stimuli, hence the individual operator would target a certain level of compliance to a system and take measures to match the exact requirement dictated by the situation. No more, no less.

If this situation is what the consultation calls “public-private partnerships”, of course we agree this is a very business oriented way of looking at this structure.

On the contrary, if there is an ambition to build “the ICT logistic infrastructure of the EU” through a PPP providing monstrous data-bases, this is probably not a dream, it is a nightmare.

All this being said, we are and we will always be big spenders in ICT, because we need performance and ICT helps us enhance our performance. Other service providers may wish to make comparable investments, being mindful to maintain ability to exchange information with all other operators.

All in all we are confident the market will find its way to adopt the most suitable solutions, as long as nothing interferes in distorting the contractual freedom of the contracting parties.

3.5.3.6. One-stop shopping

CLECAT supports what the consultation mentions as “one-stop administrative shopping or single window”, i.e. a single point of contact for Customs and other transport & trade-related formalities and checks.

Again we see this as a tool for designing and providing efficient services. One way or another, our companies already provide for this concept. This is exactly what they offer on the market. Any client can call a freight forwarder or a logistics service provider and ask them to see that their cargo gets to its destination in good order at the right time and with fair pricing conditions.

Better and more streamlined administrative procedures could seriously improve our services, but they are already fairly well performing.

Referring to the official CLECAT/FIATA description of “freight-forwarding and logistics services” (see preamble), logistics service providers find within their core business the “*management and commercialisation of intermodal door-to-door solutions*”.

It is in no way mandatory to use our services, because clients with sufficient volumes and expertise may contract their transport solutions directly. Not all operators have these dimensions, though. Through the extensive use of all transport modes and consolidated solutions, we guarantee that even small or micro operators eventually enjoy a decent level of service, even when individually they are unable to attract the interest of the transport service providers they would need.

Therefore we cannot agree with the idea of a supposed need for “one-stop commercial shopping”. Identifying such a commercial need corresponds to ignoring the vast majority of transport services available.

The idea of a lacking “one-stop commercial shopping” thus implies that our companies do not provide this service satisfactorily. This is not the impression we get when we speak to our clients, the shippers.

We understand the Commission is faced with a dilemma: on one side MS's do not wish to part with money for infrastructure and on the other traffic is growing. Intermodality was seen as light in the darkness, especially because it was so remote in the mind of those who advocated for it that it looked desirable.

We must stress again that the lack of development of intermodality is surely not due to a low level of quality in logistic services, but simply to the fact that intermodal solutions are still unfortunately not commercially attractive or insufficiently efficient.

Once all transport modes show a comparable level of quality (at least matching that of road transport), intermodality will develop naturally. We therefore do not see how a political initiative could fill a non-existing gap, unless there is the aim of publicly financing the creation of unfair competition to the detriment of the EU taxpayer.

Last but not least, whereas we still hear the plethora of promoters of intermodality, it simply grows and becomes routine in the areas where competition has made alternative modes reliable enough for us to be able to offer them to our clients.

3.5.3.7. Motorways of the Sea (MoS)

CLECAT sees MoS as a potential additional option in the services freight forwarders offer to their customers. When consulted on the issue, CLECAT however insisted on the necessary commercial sustainability of MoS through a competitive advantage with self-drive road transport on specific geographical connections.

This means that not only should MoS projects guarantee the same quality level as road transport (in terms of efficiency, reliability, frequency, cost/benefit etc.), but also offer a shorter journey. In this regard, MoS should not be seen as a competitor to self-drive road transport, but rather as a complementary transport mode. In this way MoS could contribute to considerable savings in fuel, human energy and offer a significant contribution to tackling the intervening pressure and congestion on the road infrastructure.

Logistics can indeed play its part in making MoS successful but this will only happen as and if MoS show all the aforementioned elements. Once MoS function complementarily to a decent degree, the additional element of choice would enable logistics providers to include these services in their offer to clients.

3.5.3.8. A common goal leading to a common strategy

CLECAT agrees that coordination of policies would be beneficial to logistics. This would be especially beneficial if the real problems of logistics get tackled by coordinated policy: insufficient liberalisation and freedom of access in some transport sectors (e.g. on the rails), insufficient harmonisation of procedures (rail market, weights, dimensions, driving bans on the road), for example. Liberalisation, full and fair competition (notably through removal of dominant positions), sufficient and efficient infrastructure etc. are the real needs that must be answered for logistics to perform better.

Intermodal logistics requirements cannot become the underlying factor in the decision-making process of companies unless it makes sense from a commercial point of view. As long as rail service quality is inadequate, as long as borders are still insurmountable walls in the rail market, as long as locomotives and crews must be changed and equipment cannot be made available even when it is no longer used by the incumbents, shippers will have no choice but to use road transport.

It is in the best interests of the rail undertakings to embrace liberalisation and competition wholeheartedly. This is the way for them to increase their market share, as it has been clearly shown by the most liberalised markets in Europe and abroad.

3.5.4. Quality as a key factor in the European strategy

3.5.4.1. Certifying quality

The consultation seems to imply that an EU quality framework would ensure EU logistics excellence in the world. One should not forget that the “excellence status” acquired by European logistics has been reached by the industry without any EU legislative framework or quality label. The need for such framework is therefore far from being established. All our companies compete very fiercely for their market and cooperate very actively with all transport service providers, whenever possible in a competitive environment. Full and fair competition is the key to their and our quality in service.

The consultation takes the example of the “secure operator” status to use it as a model for a “logistics quality label”. CLECAT believes that such a comparison is a self-referential shortcut. Indeed, since September 11th 2001, security has become a “hot spot”, whether we want it or not. However the regulation aiming to establish a voluntary “secure operator” regime has been published as a Commission proposal on February 28th. It is probably a bit too early to use it for benchmarking.

Voluntarily applying for the status of “secure operator” might be a useful solution to increase security within the supply chain, while ensuring that no obstructions in trade flows are created. There is no direct parallelism in logistics, all the more since quality management is already in place to a large extent, as the consultation rightfully points out.

In addition, the aim of the “secure operator” status is to facilitate business operations of a trader, who fulfils a number of security requirements. On the other hand, a quality label for logistics would and should not have such trade facilitation effect. Finally, in addition to the fact that a great number of our companies are ISO certified, one must keep in mind that the ultimate “quality judge” of logistics services providers are their customers.

In general, we do not see what additional quality a label could bring to logistics and into intermodal transport. The consultation explains that it would be a marketing tool in exchange for the systematic “*consideration of the option of utilising intermodality*”. Such statement seems to ignore that intermodality is incorporated in logistics services, either when it is imposed by geography or service requirements or when it is commercially

advantageous (i.e. when it best suits customers' needs). When logistics operators go for single mode transport, it is not because they "forget" to consider intermodal options, but because there is no technical or commercial choice.

We all know that over 50% of transport movements are local, 75% to 80% runs for distances that would not allow for intermodal service being used. Does this mean that we contemplate excluding the largest proportion of transport services from having (or saying they offer) quality? Would an intermodal service with a punctuality rate of 50% (one delivery in two is late) be considered a quality service?

On the other hand, we adhere to the consultation's idea of vocational training. Indeed, we attach the greatest importance to vocational training to the point of producing our own tuition schemes. This is not due to lack of trust, it is due to lack of tuition programmes.

Because an active involvement of the industry is a prerequisite, CLECAT strongly supports and promotes the professional standards drawn by FIATA, the worldwide freight-forwarding organisation (www.fiata.com) that has a permanent training system managed and distributed in the world through its Advisory Body on Vocational Training. FIATA ABVT could play an important role in developing standards on the basis of its permanent training system, which has proved successful for a number of years. There, we believe that an adequate use of EU funds could prove efficient to further develop the utilisation and promotion of training standards through which intermodality and a number of other logistic tools can be properly brought to the attention of prospective operators.

Finally, we would like to make a few comments on the use of the term "freight integrator", which we saw resurrected in this consultation. CLECAT must again remind the European Commission that the use of such term should be avoided because of the confusion it creates. In its reply to the 2003 consultation on the so-called "Freight Integrators Action Plan" (FIAP), CLECAT explained that "*the term "integrator" today specifically refers to a company that offers, within its group, total own fleet managed services under one single in-house transport document. Companies such as Federal Express and UPS, where the historical airfreight leg was the main one, would describe themselves as "integrators" and probably this is the type of companies the transport public may understand by the term integrator*". This idea is shared by many stakeholders and we seem to recall that, following the consultation meeting on the FIAP, the European Commission agreed not to use this wording any longer. We shall be grateful if this expression could be avoided once and for all. Freight forwarder is the word the world has used for a number of years to designate this function and we have tried to expand the concept by using the expression "logistic service provider" to make room for an even wider variety of services, which are provided by many of our companies.

3.5.5. Multimodal liability

3.5.5.1. The current situation

CLECAT acknowledges that because of the lack of international mandatory law applicable to intermodal transport there is no simple and unique rule to calculate liability

in intermodal transport. Attempts have been made at international level several times and some are still on the table. However, we would like to point out that clear rules and division of responsibility do however exist. They do not apply to multimodal transport as a whole, but to each specific transport mode, according to a network principle, which is sufficiently digested by the users. The market offers solutions (e.g. FIATA Multimodal Bill of Lading, which has been in use for a couple of decades) that are tailored and suited to the most sophisticated shippers' demands.

Full, partial or contingency transport insurance is readily available all over the EU and it is an extremely well functioning specialised service, which can be accessed both directly and through the services of brokers and even bought inside the transport contract package.

3.5.5.2. Does the lack of multimodal liability regime obstruct transport flows?

In practice, whilst the existing regimes are far from user friendly the choice of transport mode by the freight service provider AND his customer is rarely, if ever, made on the basis of the legal framework that governs it. The key factors are and will certainly remain the cost and quality of the service provided.

3.5.5.3. Would a multimodal liability regime help intermodality?

CLECAT believes that a universal liability regime would be a very useful instrument, if it was not a dream at the present stage. It would however have not practical effect on promoting intermodal solutions or enhancing the chances an operator would use an intermodal solution. The additional complication created by "just another liability regime", which is the likely result of any such exercise, is a price the EU cannot afford. Further complication risks definitely discouraging users from making any further attempt at intermodality, driving those who contemplate the idea ruthlessly to the safe haven of the CMR and road transport, which is perceived as simpler and more effective.

3.5.5.4. Why should any European multimodal liability regime be avoided?

CLECAT has always doubted that a European-only framework for multimodal liability would be an adequate solution. Transport is characterised by globalisation and a regional regime would surely do nothing else but to create additional difficulties and costs in the EU transport sector. At least, we welcome the fact that the European Commission has abandoned the disastrous temptation of a regional mandatory set of rules. Any framework liability regime should thus stem from international initiatives.

CLECAT is advocating a more extensive use of one of the best practices in this regard, the FIATA multimodal Bill of Lading. This bill provides for a certain liability regime for those who wish to avoid the complication of the network system and do not wish to take out a special insurance cover.

In view of the above comments CLECAT would definitely reject options 3, 4 and 5 and favour options 1 or 2. Notably we commend the efforts the EU has deployed at

UNCITRAL and we are of the opinion this is probably the most constructive way to tackle this problem, which has no easy solution, but which ill suffers attempts at shortcutting.

In analysing the 3, 4 and 5 we feel enough has been said by the Commission itself to condemn the third.

As regards option 4) we should like to draw the attention of the reader on the fact that a voluntary system can ill suit the requirement of a fall back system. We see a contradiction in terms. Whilst we partly sympathised for the 1980 convention at the time, the fact it never came into force is sufficiently eventful to cast a shadow on its practicality, even as a regional agreement. The option of a network regime is in fact “en gros” corresponding to the position taken by Fiata at UNCITRAL. The consultation document rightfully underlines that it is not a bed of roses, but this position could be sustained profitably at UNCITRAL.

From what we have stated so far we are understandably very sceptical about the fifth option, which would practically mean “just another liability regime” in competition and contrast with those already in existence.

3.5.6. Promotion of intermodality

We believe that intermodality is in no way an alternative mode of transport, but rather a logistic tool.

As such it is suitable for some requirements and ill-adapted to others. Promoting intermodality per se makes little sense. It is like saying that one wants to promote the use of scissors over the use of knives in cutting. Scissors are more useful to cut cloth and knives cut meat better. *Mutatis mutandis*, this is what we would do if all transport modes offered good performance.

3.5.6.1. Intermodal promotion centres

As a general principle, CLECAT is of the opinion that improving awareness and making information available can have positive results and attempts to do so should be welcomed. However, the consultation does not mention any need for improvement on the existing, but it starts from the assumption that “*intermodality needs to be promoted*”. We would like to point out that the promotion of intermodal transport comes within the tasks of the freight service providers, if it is decided that intermodality must be promoted.

The role of logistic services providers includes the provision of advice and information to the customer in respect of transport strategies and modal choices. These are based on detailed local knowledge and experience of what is available, what is achievable and the relative costs and efficiencies.

For this very reason, CLECAT thinks that funds could be better employed by enhancing the networking capability of the EU logistic providers, including the promotion of their

activity in foreign countries, which is one of the most expensive investments they are compelled to make.

Should the European Commission however decide to go ahead with its idea of coordinating the activities of existing modal promotion platforms, CLECAT would advocate a strong involvement of logistics service providers, because of their expertise in available transport modes and logistic solutions, as well as their knowledge of the entire transport and supply chain and its actors. As regards the form, such involvement could be achieved by using national logistics organisations (and CLECAT at European level) as “coordination bodies”.

Provided that the necessary funds are available, this solution would also have the great advantage of preventing any potential unfair competition with commercial activities already in place.

3.5.7. Continuous dialogue on intermodal logistics

CLECAT welcomes the idea of a continuous dialogue on logistics. However, we are not sure that the creation of yet another level of bureaucracy would help. Indeed, should Intermodal Promotion Centres become a reality, we dare hope their main task would consist in ensuring the dissemination and promotion of best practices.

As regards problems and bottlenecks, we believe it is up to the businesses to identify them and to the trade organisations to point them out within the continuous dialogue they have with national and European decision-makers.

We have heard that Vice President, Commissioner J. Barrot has announced his intention to establish a high level structure to tackle the multifarious challenges of logistics.

CLECAT has declared its commitment and has made its structures available to cooperate with the Commission at full steam in the common interest of a better EU logistic environment.

3.5.8. Conclusion

We are of the opinion a lot of ink has been spilt in the last few years to debate the increasing problems of mobility. We have no ambition to tackle such universal challenges in this comment paper, but we have the possibility to throw some good advice in, when it comes to discussing freight transport and logistics.

We have explained that a surprisingly small number of actions and initiatives would make business sense and why a number of initiatives might in fact backfire.

We have alerted the reader on the consistent risk of touching upon an efficient network, which is making bread and butter every day by providing dignified services to its

clientele. The hazard is to see it becoming less, and not more, efficient and competitive, because of new legislation.

If we look at the questions the consultation is asking, it is very clear that CLECAT believe almost all concerns raised by the Commission would find better solution in the natural dialogue of the market forces. The only real problems are lack of competition and liberalisation, where it has not reached sufficient momentum, and a dramatic insufficiency of infrastructure.

Should the Commission however takes the view that this sector cannot continue providing services in peace, but needs to be challenged to show a more complacent attitude towards intermodal solutions, on the assumption that it is unable to see their advantages, we are confident our companies will bank on their considerable resilience and rise to the challenge not to obstruct the Commission's programmes, but to help the Commission in obtaining the best logistic options for the EU trade.

The only condition for this to happen is that our unbiased and impartial advice is not underestimated, just because it values the advantages of all modes and it does not speak loudly for one side only, as many others do.

After this comprehensive submission Clecat was requested to take part in one of the hearings conducted by the Commission, on April 25th 2006, where an almost unanimous audience warned the institution on the risks connected with measures that could unsettle the landscape of logistics rather seriously, probably with undesired consequences.

The following was Clecat's contribution to the workshop on logistics for promoting freight intermodality.

3.6. Consultation Workshop on Logistics for promoting freight intermodality

Ladies and Gentlemen,

CLECAT is grateful for the opportunity of giving you our views on a topic which we have been closely following for a number of years. In the past Clecat dealt with the Freight Integrators Action Plan and participated in the Advisory Board of the ISIC project (Integrated Services in the Intermodal Chain). All along the line of the various proposed actions in the field of intermodality and logistics, our opinions – and we hear those of the most important stakeholders - have never changed. On the contrary, I dare say, they have been corroborated.

Through 30 European member federations, CLECAT represents more than 20,000 companies of freight forwarders, consolidators, logistics service providers and Customs agents. Given the very nature of the professions we represent, our interest in this consultation is enormous.

Yet our feelings are mixed. While we are glad to see logistics eventually becoming central in the EU transport policy, we are less satisfied with the scenarios we have been proposed.

CLECAT is happy with the “better regulation” model: a regulatory framework for European businesses ensuring competitiveness, growth and employment, as well as being limited to unobtrusively creating fair market conditions. In today’s exercise, this leads to a simple question: is the European logistics sector underperforming in one or several of these fields so as to justify a need for EU regulations?

Our answer is very clearly NO. Our logistics market in Europe has revenues of €600 billion and represents more than 7% of GDP’s. It is a very competitive sector that has acquired world leadership and enjoys an average growth rate of 5% a year. Our sector employs millions and is labour intensive. It stems from these figures that EU logistics is a thriving sector which is able to withstand the challenges of globalisation. We therefore think that the Commission must be very careful not to take initiatives that may adversely affect it.

The consultation’s proposals are also based on a principle which leaves us perplexed. This principle is embedded in the title itself: “logistics for promoting freight intermodality”. The aim would be for logistics to promote intermodality, intermodality being the dogmatic solution. This is no less than the tail wagging the dog.

We cannot agree that intermodality is the miracle cure to EU mobility problems. It is only one of the logistic tools in use. Its alleged underperformance is invariably connected with

the underperformance of one or more modes of transport. If it makes sense technically and commercially it is extensively used.

Logistics service providers cannot act, or be identified, as implementing agents of policy objectives. Less than ever, if these objectives are “decoupled” from business requirements and seem to stem from lack of political will or resources to tackle the real problems: insufficient infrastructure and insufficient liberalisation.

Therefore the right question is: what can we do to improve the commercial interest of intermodality? Once this question is solved, the market will naturally enhance the use of intermodality, as it is already happening by the way.

CLECAT has submitted its ideas for making intermodality commercially more attractive. The answer lies in the performance and efficiency of the various elements of the chain. Transport modes must perform equally well and vie for their market share in full and free competition. Intermodal links must work efficiently. This overall aim can be achieved through several actions:

- Liberalisation & harmonisation in all transport markets, including the removal of dominant positions in some MS's and in some modes of transport;
- Full and fair intermodal and intra-modal competition;
- Sufficient and efficient infrastructure for all modes, and especially at the intermodal junctions.

These are the actions that, we believe, the Commission should focus its efforts on.

A lot has to be done in setting the standards for training. The Commission could send a helpful message that training in our sector is essential. Provided they worked with industry input, this would support the efforts of our sector in the direction of higher training standards all over Europe.

On the other hand, as regards other actions envisaged in the consultation, CLECAT would like to make the following comments:

- **Standardisation processes** (whether for loading units or communication equipment) should take account of the international dimension of logistics and be market led. Regional standards entail fragmentation, causing lack of efficiency and “reservations” where competition has no place.
- Whilst “**one-stop administrative shopping**” could prove a facilitation tool, “**one-stop commercial shops**” would artificially create subsidised (therefore unfair) competition with existing logistics services, which are efficient and provide revenues instead of consuming them.
- An **EU multimodal liability** would be sadly “just another liability regime”, which would increase confusion and costs. Customers would be discouraged in

the end. Market led solutions (such as the FIATA Multimodal Bill of Lading) are good solutions, until the UNCITRAL convention is adopted and embraced.

- An **intermodal “quality” label**? Disagreement is as easy as enthusiasm. The question is: would it foster the use of intermodality? The market chooses its own champions. Could we reasonably think policymakers should alter or influence the choice of the markets? We do not think so; this would be an unimpressive way of looking at policy making.

We believe in our positions and we think they are shared by many, both at industry and government levels. We see ourselves as main actors in the logistics landscape. It is therefore our responsibility to state clearly that modal choices are for the market to make, whereas we expect the Commission to contribute to creating the conditions for these choices to be possible and free all over the EU by ensuring that full and fair competition is enforced in all MS's and all modes of transport.

Thank you for your attention.

Later this year a new hearing was organised on October 5th and our message was adamant, as expressed in a report produced for Clecat Members only:

3.7. European Commission's consultation meeting on Freight Transport Logistics

(Abridged)

Bottleneck exercises – Advisory group on focal points

Most of the stakeholders (including CLECAT) expressed their support for such an exercise in logistics but many underlined the need to organise the exercise in order to take into account the wide features of logistics. Some proposed to focus on specific “sectors” (bulk, retail...) through working groups. Other proposed to focus on traffic flows.

(Abridged)

Information and Communication Technologies

CLECAT explained that it might indeed be quite difficult to ask companies who have successfully invested in the development of ICT solutions for their relations with their clients, to change their systems to new standards. Therefore, efforts should perhaps be better focussed on exchange of information with authorities for the fulfilment of administrative formalities. However, global standards must always be preferred to European-only solutions.

(Abridged)

Other comments

CLECAT took this opportunity to:

- Give its support to one-stop administrative shopping and the idea of “Common European Maritime Space” for simplification of Customs formalities.
- Give its support to initiatives aimed at increasing terminal efficiency: CLECAT proposed to add this item to the bottleneck exercise
- Stress the importance of an international approach, in particular in matters such as loading units or intermodal liability.
- Ask the European Commission to continue its efforts to maintain the use of 45' containers in Europe in 2007 and beyond.
- Ask the European Commission to consider the possibility of re-launching discussions on driving bans in Europe. It is known that harmonisation seems impossible but a European information system would be extremely helpful for logistics planning purposes.

4. General Conclusions

Experiencing the sensation that your daily business is at the very centre of the EU policy in transport and related activity is certainly flattering and disquieting at the same time.

This is the mixed feeling Clecat Members all have in common. On the one hand none of them would wish to miss the opportunity to embrace innovation and significant improvement in the technical aspects of their work. They are the same time rather sceptical about the fact that the complexity of the landscape of logistic services and their intertwined connection with the supply chain of good and trading commodities is completely clear to those who are contemplating measures, which would condition its deployment and performance.

An observation made by Clecat Members was that EU logistics are leaders in the world. This result was achieved in a period when almost nobody would take the trouble to even think about logistics in terms of policy making and continues today.

Another observation which is very recurrent is that, whilst plagued by endemic shortage of infrastructure and troubled by its obsolescence, logistics industry is so efficient that it has overcome this conspicuous handicap and still delivers decent and fairly inexpensive services.

Third and last capital observation is that modal choices are at best partly free. Modes of transport are not equivalent, they are different in use, in capacity and in reach. The concept of permeable system of interchangeable modes of transport seems to have been abandoned for good. It never existed anywhere else than in the imagination of some “experts” who believe that transport modes’ capacities was infinite and interchangeable.

Clecat appreciates the new attention that the Vice President of the Commission, Mr. Jacques Barrot, has paid to the newfangled concept of co-modality. It is a good way to express the concept that all modes of transport should cooperate to help our industry and trade in the challenges of global competition. This goal is not tenable though, if not assisted by full and fair competition between and within modes of transport. In order to reach this goal, dominant positions and/or monopolies should be abolished and discouraged.

Logistics is a complex machine; it is not a perfect machine, at least not in philosophical terms. It is however a machine which delivers consistent and reasonable services with evident success for our society and for those who provide the service. It is also a machine which has proven inbuilt systems of self-control and resilience; a machine, which opts and decides, invariably in favour of efficiency, even in terms of real energy saving and pollution abatement.

In other words it is an imperfect, efficient machine, but it is delicate and fragile as all complex and – albeit – complicated systems are. Some of the proposals we have read in

these years, sometimes the less acclaimed, may significantly contribute to making service providers more aware of their importance and connected duties. Greater and better investments in infrastructure would give a definite contribution to greater efficiency and less energy wasting. Our real concern is that some proposals made in recent times are more than questionable. A number are listed in the previous pages. These are at best useless and hence a big waste of public funds and people's time. They might even contribute to diverting the public's attention away from the real problems to fake and untenable objectives, for which our children and grandchildren would reproach us, if we are not careful in how we allocate our scant resources.

For these reasons this eventual publication of our ideas should work as a word of warning to those who contemplate touching upon our fragile industry. Some of the forces acting in today's scenario are assisted by elements of knowledge and information that are often less than unbiased. They get prompting by political agendas which no longer take the trouble to check their figures and promote actions destined to fire against their original commendable goals. This is the shameless attitude of those who do not wish to recognise progress and cling to obsolete data in their irrational quest for modal shifts that would be counterproductive at the light of fresher findings. In some occasions, we feel disguised vested interests are lurking in the folds of proposals which would promote or provoke conspicuous investments in technology which nobody actually required.

We should like to conclude with two quotations, one from ancient Rome and the other from an American poet.

The first is extracted from *De Rerum Natura* of Lucretius:

*Mutat enim mundi naturam totius aetas
Ex alioque alius status excipere omnia debet
Nec manet ulla sui similis res: omnia migrant,
Omnia commutat natura et vertere cogit.*²¹

Which could be at the same time a word of warning and appreciation for the resilience and viscosity of our sector.

The second is a verse composed by Robert Lee Frost²², which is self explanatory and should sound as a warning against easy and hasty enthusiasm:

*Most of the change we think we see in life
Is due to truths being in and out of favour.*

²¹ The face of our world and universe changes its traits in time and its fatal destiny is such that one aspect after another follows. No thing ever stays the same, each and every thing Nature changes and transforms.

²² North of Boston.