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CLECAT formal replies to the STTP questionnaires on road transport and logistics, urban mobility and intermodality

CLECAT is the largest umbrella organisation of its kind in the EU. It represents the interests of the vast majority of EU logistics, freight forwarding and Customs service enterprises (www.clecat.org). Our perspective is naturally focussed on freight transport.

As a general introductory comment, CLECAT would like to say that deployment of innovative technologies is important for the transport industry to be able to maintain or improve its efficiency in spite of increasing problems like congestion and maintain decent level of service for its customers. Freight movements, deliveries, collections, fleet managements etc. can indeed greatly benefit from interoperable and harmonised technologies. For this reason, CLECAT supports the setting up of a Strategic Transport Technology Plan if it creates the conditions for a well-thought, interoperable and harmonised introduction of innovative technologies in logistics and if it is deployed in harmony with, and without the ambition to impose itself onto, the market.

This being said, CLECAT would like to remind the reader that even if innovative technology can significantly contribute to mitigating congestion and creating the condition for a more efficient use of existing infrastructure, one should not see them as a miracle cure that could substitute badly needed investments in new infrastructure and/or appropriately frequent infrastructure maintenance and upgrading.

Please note that CLECAT intends with this document to provide answers to the more general questions of the questionnaire, as well as on the more specific questions that relate to the hearings on "road transport" and "logistics, urban mobility, and intermodality". Part 1 will give answers to the more general questions. Part 2 provides answers for the questions related to Road transport, which we already submitted prior to the hearing on the 17th of February. Part 3 contains the specific answers for the upcoming hearing on logistics, urban mobility and intermodality.

1. General comments

a) Transport Vision and Activities

- **Current state of play within transport? (original question 2.1.1.)**

The market penetration of intelligent transport systems is very difficult to assess. You have to take into account that there is a vast array of technological solutions at the hands of logistics companies today, but there is a striking discrepancy between the picture one gets at a transport fair such as Munich's or Paris's and then the discouraging state of the infrastructure in most countries of Europe. This is like contemplating two different planets and more should be done by infrastructure managers – in all modes – to catch up with a gap that is widening instead of contracting. In this picture many companies are developing their own solutions for specific problems, solutions that often provide a competitive advantage for these companies, and are thus not widely shared with their competitors. As a general comment one

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could say that the bigger freight forwarding companies are more enterprising in this area, especially in the "last mile" segment. They are the frontrunners and are open to the use of new technology, as long as it reduces their costs or gives them other significant and tangible benefits, e.g. waiting time reductions. Other technology is just in its infancy, for example technological development concerning the use of electricity as a source of power for vehicles is picking up in the urban environment, buses are being switched back to trams in many areas, there is a slowly growing market penetration for passenger cars (and light commercial vehicles in cities), but electricity is not the solution for heavy goods vehicles. Unfortunately rail does not help because it is also not entirely electrified, it is not offering efficient services and it is moving away from its freight clients more and more.

One of the major improvements in the freight forwarding business however is the improved use of better software systems in recent years, which made the planning process of supply chains a lot more efficient. The same goes for loading and space occupancy in vehicles that has been greatly increased.

The sore point comes when we speak of technological interoperability, because this is really lagging behind between modes of transport (thus compromising efficient co-modality) and even between operators in the same mode, as we see in the rail market. This is a difficult area because interoperability always rhymes with competition and there is a fine dividing line between helping the market to overcome its difficulties and invading the market with excessive regulation. We believe that some more courage in promoting interoperability is necessary, especially in railway services.

- **Likely evolution of transport (2.1.2.)**

CLECAT foresees that transportation demand will inevitably increase, whilst the price of transport will have to be managed wisely in order not to become a negative element in EU competitiveness.

Such challenges must be met by our society with thoughtful policymaking. We are of the opinion that policy makers should be promoting more efficient transport in future, rather than less transport as some professionals have suggested in the past. Indeed, it is important that policy makers realise that mobility is both a right of the citizen and a primary source of employment. Freight transport in particular is embedded in all the ganglia of our society; if we are aiming at a steady and sustainable economic growth in the future, we must take account of the fact that transport demand will grow and its cannot be thwarted or compressed.

The European population is becoming older, the working life is expected to increase: working competences will therefore need to be constantly updated through training programmes to evolve with the mores. Even logistics will become more and more dispersed. The progress of e-commerce (and now m-commerce) will create a greater number of smaller consignments that will have to be delivered to the doorstep of the houses, where people who will be less likely to drive to a shopping mall. This means that consolidation and deconsolidation processes will be more and more important and will have to become even more efficient.

For the Nth time we would like to stress that believing in forced modal shift from road to other modes of transport is not realistic, this is a flawed concept that has been wasting enough money and resources in the last ten years. The modal shift that is possible is already happening and it follows step-by-step the evolution in the availability of infrastructure and the accessibility of services in alternative modes of transport. The appropriate use of different modes of transport (the principle of co-modality) that can be provided by serious transport operators that work in a sufficient dimension of scale will play its pivotal role in the future. Even if it is not our core business, we believe that a more efficient use of alternative modes of transport for passengers can provide significant relief to the tension that we see on our roads, especially in urban areas. Chastising road freight to promote "more environmental modes" as we still hear in the debates is really not a good idea, especially if it is not coupled with a strong infrastructural programme.

- **Key technology penetration targets (2.1.3.)**

CLECAT believes that hybridisation needs to be one of the primary targets for freight transport before any further technological breakthrough can be achieved. Hybrid trucks that run on normal (or bio) fuel outside

of the city, and have the ability to switch to electric energy when delivering goods into the city, have a good chance of being implemented on a larger scale once sufficient technology is readily available. In order to achieve wider penetration of these vehicles the issue of weights and dimensions needs to be resolved so that they are not suffering from a competitive disadvantage. This may apply to the use of electric vehicles in urban delivery as well.

In the immediate future, we need to look at the fuel mix and we must find better fuels coming from our exorbitant waste production. 99% of our waste is theoretically able to still produce energy in one way or another and we really need to boost the research to make this possible at acceptable industrial prices. In any case petroleum and gas will be more expensive and less accessible in future, it is therefore wise to invest on alternatives immediately.

Other than this, the way we deal with the issue of energy sourcing will condition transport in future. Renewable energy can help, but the question on whether we can produce sufficient energy from renewable sources for the increasing demand of collective transport is still unresolved.

It is also extremely probable that more technology is needed in booking and paying for dispersed transport services. Passengers should be able to travel all over Europe by using their electronic cards without stopping for tickets. In the same way freight should move in a paperless environment that, as far as our sector is concerned, we are trying to build. Much has been done in air freight through the cooperation with airlines, less has been done in the maritime and rail services. Something has been done in inland waterway transport but this an alternative that can be used only a rather specific part of the EU.

- **Contribution of EU policy goals in the field of transport (2.1.4.)**

This Commission set only one goal for itself in 2009, i.e. the decarbonisation of transport. This involves enhanced energy efficiency for existing fuels and development of alternative fuels (renewable new energies). This is absolutely essential to overcome the transport sector's dependence on fossil fuels. However CLECAT would prefer no technological priority to be made at this stage by policy makers as the market should decide on the economic viability of the various technological solutions. Only if it is economically viable it will have a chance to penetrate a market like the freight forwarding sector, where margins are already very limited and efficiency is the paramount nr. 1 choice.

Clecat does not believe that the decarbonisation of transport is the only objective that should be pursued by the EU, there are many other aspects that are still unresolved or need urgent attention; to name but a few:

- completion of the single market in road transport
- completion of the single market in rail transport
- harmonisation of weights and dimensions of road transport vehicles
- introduction of the European Modular System all over the EU
- promotion of interoperability in digital documents
- reduction of administrative bottlenecks

We did not evoke here the issue of infrastructure, as it is not an action but "the" action that may resolve many of our problems. It may also be the main and principal action to decarbonise transport, because it may provide enormous savings in emissions by reducing congestion.

All of these endeavour may or may not have a technological aspect, very often connected with the issue of ensuring interoperability.

- **Contribution of EU policy goals to the overall energy efficiency (2.1.5.)**

CLECAT members are committed to improving energy efficiency, engaging in promising researches and optimising existing technologies.

In road freight transport for instance, weight, material, aerodynamics are areas of improvement for better energy efficiency. The abolition of cabotage would go a long way to increase efficiency of road transport. In addition CLECAT supports the introduction of the European Modular System¹, which would diminish the number of trucks on the road, and transport goods more efficiently (see also question 2.1.7.).

We also believe that rail freight wagons and locomotives should be renewed more often. There almost an expectation that a rail freight wagon should be "eternal" and inspections are programmed for 20-30 years. There is no agreement on the life cycle of a wagon, but a quicker turn over in the rolling stock may seriously contribute to making rail freight more efficient and more environmentally friendly. Needless to say the same goes for barges on the rivers and canals. The existing stringent legislation in road transport has contributed to making the renewal of the fleets more frequent and in general modern trucks are much better for the environment than their predecessors. Unfortunately we still see very often special vehicles, often owned by public administrations such as town halls, regions, public utility enterprise, fuming in our roads without restrictions.

- **Interactions with other community policies and initiatives (2.1.6.)**

Apart from developing innovative technologies, CLECAT would like to stress that much work still has to be done to achieve a different paradigm in the distribution of energy (be it electric, fuel or gas). This is a sector that has not shown any substantial innovation at least for the last three decades, despite noticeable changes in the landscape of the distributors. In other words the names of the distributors have changed, but most operate with the same paradigms that were created last century. There is no space for small producers of renewable energy and often the pioneers are discouraged by bureaucracy.

There is an important interaction between Customs and Transport in recent times and we can only commend the work that was done in the area of administrative simplification and security requirements approximation. A lot more is still to be done and certainly there is no time to sit on our laurels here.

- **Main competing or synergetic technologies (2.1.7.)**

As discussed above, several technological problems still need to be resolved before electricity (especially produced by renewable sources and CO₂ neutral) can be seen as the solution for the road (and to some extent the rail) freight sector. It is even less likely to have a considerable impact in the maritime and aviation sector. For the latter sectors however we have high hopes for biofuels, which could substitute large quantities of fossil fuels hopefully soon.

As immediate actions, besides fostering other innovative technologies such as hydrogen cells, electric vehicles and bio-fuels, longer and heavier vehicles like the EMS concept are easy to implement and would allow considerable savings in terms of emissions and capacity, whilst almost certainly improving road safety and decrease tear and wear as well.

b) Achieving the vision

- **Business as usual scenario (2.2.1.)**

The business as usual scenario cannot be the solution. Intervention is needed in cutting red tape (such as the provision to use EMS) and we think STTP is a promising area where the regulator can promote industry collaboration. This is also the reason why CLECAT welcomes this initiative.

There is a need for a realistic approach that is able to recognise what can be achieved in the transport domain first in the short term, while not neglecting ambitious targets for the long term development. One of the main contributors for sustainable transport, and more precisely for fuel efficiency is achieving a behavioural change of drivers and companies alike. This could be supported through incentives for fleet

¹ <http://www.modularsystem.eu/>

renewal for instance. Best practices have shown that fuel consumption can be significantly reduced when drivers are educated, for example.²

- **Barriers to innovation (2.2.2.)**

CLECAT is of the opinion that better target research is needed for efficient and rapid implementation of existing and low cost technologies. The European Framework Programme (currently FP7) is one of the primary examples where the EU can foster research that will benefit the logistics industry as a whole. Unfortunately these project are often delivering less that they originally purported to do. Probably many of them suffer from the excessive wordiness of their structure and the cumbersome administrative procedures. It is important that European research is not an end in itself, but must lead to practical and economically viable solutions for the daily business of the European logistics industry. If this objective is to be achieved these programme should focus much more on the industry and the user requirements rather than accommodating academic pursuits that sometimes are disconnected form the user. Innovation for technologies should focus on what is most cost effective and easy to use for transport users, otherwise much money will be spent in research without concrete impact on the society.

We must also understand that some of the barriers to innovation are self-inflicted. The EMS is a very good example. A growing number of EU Member States would wish to experiment this (alas not even new..) technology, but they are impeded in so doing by the interpretation of a directive (96/53) which is probably not even correct. Another example: over 70% of the rail incompatible procedures or equipment have been decided, adopted or bought after 1991, which is when it was clear that the rail should open to a European continental market. For these reasons any barrier to technology that is incompatible with the single market should be swiftly removed.

- **How the STTP could help the sector (2.2.3.)**

CLECAT thinks that the STTP should play the role of a *facilitator*, rather than impose technologies on the sector. Coordination or guidance of innovation activities is what EU institutions can do better than any private enterprise. Interoperability and common standards can keep the cost barrier low. This will also increase the possibility of equal access to new technologies for all parties in the supply chain, even for those who are not big multinationals, i.e. the type of company one would expect to thrive on innovation.

- **Actions for the European, regional and national level (2.2.4.)**

As a European organisation it is hard to judge whether some actions would be better carried out at regional or local levels. However from our viewpoint action on the European level has its advantages over regional/national measures, in view of greater harmonisation even when taking into account the subsidiarity principle. European action can ensure harmonisation thus helping the European transport and logistics industry to compete with their peers outside the EU, especially in the US and Far East Asia. While some items need to be decided at Member States level, the transport scenario certainly benefits form a harmonised EU perspective.

- **International Dimension (2.2.5.)**

On the question of international cooperation we could envision cooperation with other international bodies (e.g. ITF, UNECE) as well as with major trading partners and investors from third countries. However, despite extensive collaboration with such bodies, this is a domain where CLECAT does not have a specific remit and therefore would abstain from further comments.

On the issue of infrastructure for example comparing the investment programmes of Chine and the EU can provide guidance in how little we are doing to maintain our leadership in logistics. This is all the more interesting because China (and many other countries) will soon struggle with the same problems that we have (ageing population, scarceness of natural resources, etc.) Their solutions is to invest nonetheless,

² For more information please see the various examples collected in CLECAT's Logistics Best Practice Guide: http://www.clecat.org/index.php?option=com_content&task=view&id=294&Itemid=60

and their technological drive is undeniable. In one word their faith in the future has not vanished and this is a good sign that we should be able to follow.

2. Questions relating to road transport:

- Do you see for road transport the need for additional initiatives at European level beyond the European Green Cars Initiative, the FCH JU, ARTEMIS, ENIAC, the Bioenergy Initiative, and the Electricity Grids Initiative? If yes, then please describe what kind.

Additional initiatives should keep focussing on bridging the gap between the current state of technology and a cost-effective market entry of innovative technologies.

For innovative technologies to be commercially interesting, the Commission should not forget that the market of innovative technologies is a competitive area where stakeholders like forwarders, transport operators in various modes, customs, police, port security etc should be identified as main customers whose interest for many of them is to reduce overall costs of transportation. In addition the Commission should remain technology neutral as long as possible, while not neglecting support of technologies and their necessary infrastructure in due time to enable a possibility for wider market penetration (e.g. invest in the necessary infrastructure of loading stations for battery-driven vehicles).

Relating to innovative technologies like ITS services, it is essential that businesses clearly see in upcoming initiatives what their advantages for sharing information are in order to have a growing demand of ITS services.

- Is there a need for road transport to establish overarching coordination with other modes/ sectors in ITS to overcome barriers and to leverage the full potential of ITS related services and functions?

CLECAT is in favour of a scalable, multi-use on-board unit where interoperability of services is ensured by the legislative framework. This could help to reduce the administrative burden for the industry, improve logistics efficiency and avoid a multiplication of devices. Professional users could also benefit from specific applications like tracking and tracing of vehicles and cargoes, especially to secure transport of dangerous goods or to track stolen vehicles.

On this issue, CLECAT strongly supports the rapid development of e-Freight for the identification of goods and paperless transport not only in road transport, but from the interface between road transport and other modes also into all the different transport modes. A true intermodal cross-border system for e-Freight is important in order to keep control of goods switching between different transport modes and operators. In this respect we believe that interoperability standards should be sufficiently flexible to adapt to different existing standards and should refrain from the ambition of developing a new ultimate standard that would simply be just another one. It may be worth mentioning that diverting the attention from "the" transport document issued by a carrier, as an operator of a means of transport, to a more generic layout of document, as issued by a contractual carrier, whether equipment operating or not (e.g. NVOCC concept), may be an advantage if we wish to bridge the gap between different modes. Needless to say logistic service providers and freight forwarders are best placed to provide advice in this area, as they are mode neutral and normally also asset neutral.

This being said, all new technology comes with a risk of improper use or even unintended downsides. This aspect should be evaluated before embracing new technology without proper risk assessment.

- For freight transport, is there a need for coordination or guidance of innovation activities? Which would be the suitable instruments?

Coordination or guidance of innovation activities for freight transport is certainly welcome by CLECAT. The knowledge of the benefits of innovation is not always sufficient to implement it correctly, for instance seat belts needed legislation before being widely deployed, despite the evident advantages. However, it is very

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important that the Commission ensures that the regulation leaves enough freedom for manufacturers to innovate and develop improved technological devices. CLECAT also prefers keeping the equipment standardisation as optional because it would be very costly for some companies to comply with EU legislations that would impose them to regularly maintain up to date their equipment. The only area where a regulatory approach is required is interoperability, in order to facilitate widespread introduction of innovative technologies and to make it possible for use to invest wisely.

In this area an EU-wide standard in technology is unlikely to come to fruition so long as a merely voluntary approach for Member States remains. We therefore believe that the role of the Commission and the EU institutions would be fully accomplished by setting the basic rules for the interoperability of services, whilst we are of the opinion that they should not substitute themselves to the users in terms of defining and describing the user requirements and the business processes. The development of innovative technologies in freight transport should be related to a bottom up approach (possibly facilitated by the EU Commission) where businesses' needs are visualized and published in the marketplace in order for them to become known and interesting for manufacturers to work on meeting such demand.

- In your opinion, what have been the most effective initiatives in the past to bring innovation to the market in the road transport sector?

CLECAT believes that the most effective innovative initiatives at European level are not necessarily those focussing primarily on the development of new technology: for example the adoption of the European Modular System at EU level, leaving Members States free to use it if they so choose also in their international traffic can bring savings in costs and emissions, can contribute to better and more interoperable road transport, as well as better interactions with other modes. All this by simply modifying an interpretation of a directive (96/53) that is also probably incorrect.

The setting up of an European Electronic Toll Collection Service enabling a driver to pay tolls or fees everywhere in Europe with one on-board equipment is considered as an important initiative for CLECAT because the multiplication of national tolling systems would have catastrophic effects on movements of goods in the EU, not to mention an astronomic cost that would directly impact on EU economy and competitiveness. We therefore regret the delay that has been accumulated in implementing Directive 2004/52 EC4 on the interoperability of electronic road toll systems in the Community.

3. Questions relating to logistics, urban mobility, and intermodality

- Innovation in logistics is to a large extent driven by user demand based on business criteria. Apart from the standard regulatory and monetary measures that may affect these decisions, do you consider that other instruments at EU level can stimulate innovative practices at EU level?

It is CLECAT's view that incentives in general are a good way to foster innovation in logistics. The use of incentives, for instance for fleet renewals, is also a proven method to achieve behavioural change. Taxation, like the internalisation of external costs of certain modes of transport, should not be seen as the panacea to resolve problems, because its result is likely to increase costs without benefit, if there is no strong earmarking and re-investment of resources to mitigate externalities.

CLECAT sees value in a European-wide vocational training programme dedicated to the logistics sector, which could further promote "green practices" and become a vehicle to make new technology more desirable. An EU-wide standardised training programme would allow companies to work more efficiently with better trained staff and would allow workers to increase their work options making green mobility a reality.

- Given the limitations from the subsidiarity principle, how can the EU support the uptake of innovation at urban level? Can you suggest suitable instruments?

Access to urban areas and mobility problems in inner cities directly impact upon the freight forwarding business and logistics services. As we have noted in previous communications, goods do not have legs: i.e.

freight will always need to move on trucks or light duty vehicles or, where possible and still rather exceptionally, by barge, train or tram to their final destination. It is necessary to take this into account when thinking about limiting access to urban areas for transport operators. Individual passenger transport on the other hand is much more flexible in that respect and the number of alternative services is greater.

CLECAT would envision that any innovation tools for urban freight mobility could be classified in two groups:

- Measures aimed at improving the environmental performance and energy efficiency of delivery vehicles
- Measures allowing an optimisation of space use and allocation and, consequently, logistics planning in urban areas

The first group of measures should enable a general technological upgrading of the fleet of freight vehicles operating in urban areas so as to reduce their individual impact on people's welfare and on the environment. The second group should enable Logistic Service Providers to optimise deliveries and collections in urban areas, for instance thanks to an increased time flexibility or privileged use of specific transport infrastructure (e.g. bus lanes in peak traffic).

Once again, the EU can play a role in setting up incentives. We would advocate financial incentives to upgrade operating fleet with vehicles using clean and energy efficient technologies: these incentives could take the form of tax rebates, 0% loans, small subsidies, such as rebates on parking fees and tolling systems, etc.

In addition we see value in operational incentives, the aim of which is to facilitate operations for clean and energy efficient vehicles: these vehicles could be granted dedicated lanes or allowed to share public transport lanes with taxis and busses. Such possibilities have already been implemented, for example in Gothenburg (Sweden) where it has brought sustainable results without impeding on the public transport system.

In addition we believe that the Commission would take a very precious initiative if it decided to publish some guidelines to urban transport, that local and regional authorities could adopt on a voluntary basis. This contribute to creating a more harmonised approach all over the EU.

- R&D and innovation activities differ significantly across modes. How do you think they can be better coordinated in order to improve intermodality?

According to CLECAT, this relates to the concepts of interoperability and harmonisation of standards which has already been discussed in the road transport section above.