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# ASSESS

*Assessment of the contribution of the TEN and other transport policy measures to the mid-term implementation of the White Paper on the European Transport Policy for 2010*

FINAL REPORT

**ANNEX III INTERACTION OF THE WHITE PAPER ON TRANSPORT WITH OTHER EU POLICIES**

European Commission

**DG TREN**

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# Preface

This is ANNEX III of the final report for '*Assessment of the contribution of the TEN and other transport policy measures to the mid-term implementation of the White Paper on the European Transport Policy for 2010*'.

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# Scope

## Scope of the ASSESS project

The ASSESS study is about the *“Assessment of the contribution of the TEN and other transport policy measures to the mid-term implementation of the White Paper on the European Transport Policy for 2010”*.

The European Commission’s White Paper of 12.9.2001 “European transport policy for 2010: time to decide” aims to promote a sustainable transport policy. The White Paper proposes to achieve sustainability by gradually breaking the link between transport growth and economic growth, principally in three ways: changing the modal split in the long term, clearing infrastructure bottlenecks and placing safety and quality at the heart of the transport policy.

As foreseen, the White Paper on Transport undergoes in 2005 an overall *assessment concerning the implementation of the measures it advocates and to check whether its targets* - for example, on modal split or road safety - *and objectives are being attained or whether adjustments are needed*.

ASSESS provides technical support to the Commission services for the above mid-term assessment of the White Paper.

The analysis accounts for the economic, social and environmental consequences of the proposed measures and their contribution to sustainable development objectives. It provides also a detailed analysis of those effects of enlargement likely to affect the structure and performance of the EU transport system.

The study takes a three pillar approach based on the use of analysis, indicators and models. National transport policies are reviewed for compatibility and coherence with the White Paper objectives. The models used allow a detailed analysis of the freight market, the passenger market and their infrastructure networks under a number of scenarios.

## Scope of this Annex

In this report the issue of sectoral policies integration on the European level is taken into consideration.

Thus, the leading questions are:

- Which other EU Policies did have or will have relevant impacts on the development of the transport sector and thus on the achievement of the White Paper objectives?
- What is the potential impact of the policies implemented on the transport system and is it likely that this potential impact has been or will be achieved?

In order to answer these questions, each policy area considered relevant is briefly described and a qualitative evaluation of its impact on the 12 policy areas of the White Paper is made.



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# *ANNEX III Interaction of the White Paper on transport with other EU policies*

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## **III.1. Introduction**

Besides the activities of the Commission following the White Paper, other EU policies might either foster or hamper the achievement of the White Paper objectives. The White Paper itself stresses the need for a comprehensive strategy going beyond European transport policy. This comprises transport policy responsibilities on national and regional level (which has been reviewed in Annex I and II) as well as the necessity for the integration of European horizontal and sectoral as well as national and regional policies (White Paper, p. 16):

- “Economic policy to be formulated to take account of certain factors which contribute to increasing demand for transport services, particularly factors connected with the just-in-time production model and stock rotation;
- Urban and land-use planning policy to avoid unnecessary increases in the need for mobility caused by unbalanced planning of the distances between home and work;
- Social and education policy, with better organisation of working patterns and school hours to avoid overcrowding roads, particularly by traffic departing and returning at weekends, when the greatest number of road accidents occur;
- Urban transport policy in major conurbations, to strike a balance between modernisation of public services and more rational use of the car, since compliance with international commitments to curb CO<sub>2</sub> emissions will be decided in the cities and on the roads;
- Budget and fiscal policy to achieve full internalisation of external - in particular environmental - costs and completion of a trans-European network worthy of the name;
- Competition policy to ensure that opening-up of the market, especially in the rail sector, is not held back by dominant companies already operating on the market and does not translate into poorer quality public services;
- Transport research policy to make the various efforts made at Community, national and private level more consistent, along the lines of the European research area.”

In this report the issue of sectoral policies integration on the European level is taken into consideration.

Thus, the leading questions are:

- Which other EU Policies did have or will have relevant impacts on the development of the transport sector and thus on the achievement of the White Paper objectives?
- What is the potential impact of the policies implemented on the transport system and is it likely that this potential impact has been or will be achieved?

In order to answer these questions, each policy area considered relevant is briefly described and a qualitative evaluation of its impact on the 12 policy areas of the White Paper is made.

## III.2. Methodology

“Other” EU policies are classified according to the Directorate-General (DG) that is responsible for them. All policies related to “foreign policy” are grouped however under one header “external relations”.

Thus, we distinguish:

- Agriculture and Rural Development
- Competition
- Economic and Financial Affairs
- Education and Culture
- Employment, Social Affairs and Equal Opportunities
- Enterprise and Industry
- Environment
- Fisheries and Maritime Affairs
- Health and Consumer Protection
- Information Society and Media
- Internal Markets and Services
- Joint Research Centre
- Justice, Freedom and Security
- Regional Policy
- Research
- Taxation and Customs Union
- Transport and Energy
- External Relations

The 12 “White Paper” policy areas are distinguished in the same matter as in the remainder of this report:

- 1 Improving quality in the road transport sector
- 2 Revitalizing the railways
- 3 Controlling the growth in air transport
- 4 Promoting transport by sea and inland waterways
- 5 Turning intermodality into reality
- 6 Building the Trans-European transport network
- 7 Improving road safety
- 8 Adopting a policy on effective charging for transport

- 9 Recognizing the rights and obligations of users
- 10 Developing high-quality urban transport
- 11 Putting research and technology at the service of clean, efficient transport
- 12 Managing the effects of globalisation

Thus, for each DG, we investigate how its policies affect the realisation of the 12 White Paper policy areas.

The focus is on policies that came into effect *after* the White Paper has been adopted – we cover thus (grossly) the period 2001-2005. We have thus assumed that all *existing* EU policies were taken into account during the draft of the White Paper – to do otherwise would have been far beyond the scope of this work.

We first provide a short summary table of the possible complementarities or trade-offs that exist between “other” EU policies and the White Paper policies (Section III.3). Following this summary, we briefly remind the reader of the different type of legal acts in European law (Section III.4). Next, a more in-depth description of major policies' implementation is given, accompanied by a qualitative assessment of their impact on the White Paper implementation and on the transport sectors (Section III.5 to III.21.) It bears notice that there is some overlap with the White Paper measures themselves in cases where there is a shared responsibility of transport and other policy areas for their implementation. Finally, we provide an inventory of proposals for legislation introduced in 2004 that have not yet been implemented, and whose current status is not clear (Section III.22).

As this evaluation is a synthesis task, the review relies on the information provided by the European Commission itself (via its www portal and studies) and literature dealing with European policy and, if available, of its impact on transport sector developments. This implies that the evaluation provided can only be qualitative and indicative, since interactions between different policy areas and measures cannot be explicitly taken into account. The focus of the review is on the period between the adoption procedure of the White Paper and today, i.e. the analysis concentrates on the period between 2000 and 2005. If available, indication to future action proposed for the implementation of other EU policies is provided.

### III.3. Summary and conclusions

Table 1 summarizes the results of this review. The columns correspond to the 12 White Paper policy areas. A “+” means that the policy of the corresponding DG complements the White Paper policy, a “\*” indicates the existence of trade-offs. A ~ means that the sign of the interaction is ambiguous. A blank cell means that the DG’s policies do not affect the White Paper policy in a meaningful way. Of course, as the policies of one DG can be very diverse, both complementarities and trade-offs can exist within one cell. We refer to the Section on the corresponding DG for more details.

We have also included a 13<sup>th</sup> column: this is used if a policy affects the White Paper’s objectives in general, but cannot be linked with a specific White Paper measure.

**Table 1: “other” EU policies versus White Paper policies**

	1) Road transport	2) Railways	3) Air transport	4) Shipping	5) Intermodality	6) TEN	7) Road safety	8) Effective charging	9) Users rights	10) Urban transport	11) Clean transport	12) Globalization	General
Agriculture and Rural Development													+
Competition		+	*	+		+		*	+				+
Economic and Financial Affairs						*							
Education and Culture													?
Employment, Social Affairs and Equal Opportunities	~	~	~	~					+	~			
Enterprise and Industry	+	+	+	+		+		+		+	+	+	
Environment	+	*	+	+,*	+	+,*		+	+	+	+		
Fisheries and Maritime Affairs													
Health and Consumer Protection	+, ~	~	~	~			+		+				
Information Society and Media			+				+	+			+		
Internal Markets and Services													*
Joint Research Centre													+
Justice, Freedom and Security	+	+	+	+					+	+			
Regional Policy						+							
Research	+		+				+		+	+	+		
Taxation and Customs Union			+					+			+		
Transport and Energy		+	+	+				+		+			+
External Relations													*

Overall, the review shows a large consistency of other European policies with the White Paper policy objectives – partly the policies of other DG are also included in the White Paper. The issue of security policy has come into focus of international policy after the terrorist attacks of September 2001 in New York and Washington, of March 2004 in Madrid and of July 2005 in London. Therefore, security aims are not explicitly mentioned in the White Paper. But taking the objectives of reaching a high-quality, safe transport system and recognizing the rights of users, the objectives of the European security policy are regarded complementing the White Paper objectives.

The EU policies that make the most significant contribution to the realisation of the White Paper’s objectives are arguably:

- The re-launch of the Lisbon strategy, and more specifically the proposed investments in transport infrastructure on the one hand, and in R&D on the other hand
- In the case of environmental policy, the policies on air and noise pollution, and the proposed thematic strategy on the urban environment
- Regional policy can contribute to the financing of the TEN (both through the ERDF and through the Cohesion Fund)
- The research priorities established in the successive framework programmes have very strong transport implications.
- Fiscal measures that aim at fostering the use of alternative fuels and at introducing minimum taxation levels

- Maintaining the security of energy supplies and stimulating energy efficiency
- The maintenance of vibrant rural communities as an objective of the CAP and the move to direct income support

However, in a small number of policy areas, trade-offs can exist between the White Paper objectives and the policies of other DGs. This can be due either to contradictory policy goals, or to delay in the implementation of policies. Contradictory policy goals are commonly inherent in the relation between the achievement of environmental goals and the promotion of economic and transport development. In this review, trade-offs of this type have been revealed in the cases of :

- improving competition in air transport versus balancing air transport and environment
- improving competition in air transport and confronting the users with “real” costs
- respecting the Stability and Growth Pact and investing in infrastructure
- extending the Trans-European networks and intermodal infrastructures versus the objectives of nature protection and the prevention of noise and air pollution
- introducing environmental liability and the re-flagging of the merchant fleet

The White Paper has acknowledged the necessity for creating a better balance between transport sector development and environmental policy goals namely by the promotion of the development of clean and efficient transport technologies and by including external costs into the prices of transport services.

The second research question to answer with the review is concerning the extent to which the transport sector development within the 12 policy areas of the White Paper is potentially impacted by other European policies.

In most policy areas of the White Paper, the potential impacts are rather low. Exemptions to this assessment regard the impacts of taxation policy on the effective charging in transportation, and the impacts of taxation and environment policy on the development of clean and efficient transport means. In these cases, the implemented and proposed policies are fully complementing the White Paper objectives.

One has to bear in mind that the time horizon 2000 – 2005 for this assessment is quite short. Therefore, in particular those policy measures that impact the framing socio-economic conditions of transportation, e.g. social policy, come into effect only in the longer term. In most other cases, policy measures tackle a specific issue but do not significantly influence the overall transport development. Examples for these cases are security issues, the improvement of consumer rights with regard to purchasing new cars etc. Lastly, the impacts on those sectors have been rated low where only very few other European policies have been implemented.

### **III.4. Types of legal acts**

A DG’s policies can result in either legislation or recommendations<sup>1</sup>. Legislation can fall in one of the following three categories (all definitions below come from Moussis (2004), p. 34 and are based on Article 249 of the TEC):

---

<sup>1</sup> “The Council and the Commission can adopt Recommendations suggesting a certain line of conduct or outlining the goals of a common policy and opinions assessing a current situations or certain facts in the Community or the Member States. Furthermore, the Council and the European Parliament adopt Resolutions, which are also not binding, suggesting a political desire to act in a given area.” (Moussis (2004), p.34).

- A Regulation has a general scope, is binding in all its elements and is directly applicable in each Member State
- A Directive binds any Member States to which its addressed with regard to the result to be achieved, while allowing the national authorities competency as to the form and methods used
- A Decision is binding in the addressees it indicates, who may be one, several, or even all the Member States or one or more natural or legal persons. This variety of potential addressees is coupled with a variety in the scope of its contents, which may extend from a quasi regulation or a quasi directive to a specific administrative decision

Thus, in order to understand the impact of Directives, we need to know how they have been transposed in national legislation. Hence, the analysis in this Chapter is intrinsically incomplete.

As far as the EU is concerned, the source for both legislation and recommendations is <http://europa.eu.int/eur-lex/en/index.html>

## **III.5. Agriculture and rural development**

### **III.5.1. Introduction**

According to Art 33 of the TEC<sup>2</sup>, the objectives of the Common Agricultural Policy (CAP) are:

- to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;
- thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;
- to stabilise markets;
- to assure the availability of supplies;
- to ensure that supplies reach consumers at reasonable prices.

In its mission statement, the DG for Agriculture and Rural Development also identifies the following specific objectives:

- European agriculture sector must be competitive in order to meet global market requirements without the need for excessive subsidy.
- Production methods must be environmentally sound, meet animal welfare concerns, ensure product safety, and supply the quality products demanded by the consumer.
- The important role of agriculture and forestry in the sustainable development of rural areas should be reinforced, as should be its role in the preservation of landscapes, habitat and biodiversity. This should form the basis for rural development policies that promote thriving communities, capable of generating and maintaining employment within and beyond agriculture.
- Policy must be simpler and more comprehensible to European citizens. The dividing line between decisions that have to be taken jointly and those, which stay in the hands of the Member States should be clearer.

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<sup>2</sup> Old Article 39 of the EEC Treaty.

- Agricultural policy must be clear, transparent and financially sound in order to properly justify public expenditure through the products and services, which European society expects farmers to provide.

None of these objectives interfere *directly* with the objectives of the White Paper. However, as the marketing of agricultural products inevitably involves transport activities, policy options taken in the field of agriculture can have an impact on transport flows. Therefore, we shall first provide a short survey of the evolution throughout time of the principles governing the CAP. Next, we shall analyse how changes in the instruments used by the CAP can affect transport flows. We shall also look at the specific issue of protected designation of origins and geographical indication and identify an area for policy improvement. Finally, we will have a short look at research in the field of bioenergy that has been undertaken within the 4<sup>th</sup> and the 5<sup>th</sup> Framework Programmes for research.

### **III.5.2. Historic survey**

The legal basis for the CAP was already laid down in the Treaty of Rome (Art 39 of the EEC Treaty).

Article 34 of the TEC (old Article 40 of the EEC Treaty) provides for the establishment of a common organisation for agricultural markets (COM). Groups or groups of products are thus placed under a COM, whose precise form depends on the product concerned. These COMs are based on three main principles:<sup>3</sup>

- Unification of the market: farm products move freely between Member States
- Community Preference
- Financial solidarity: spending resulting from the application of the CAP is borne by the Community budget

Common market organisations have been in place for almost all products since the second half of the 1960s<sup>4</sup>.

Community preference is enacted through a combination of import and export measures. Initially, import protection consisted mainly in the use of variable import levies, while exporters received export subsidies (“refunds”)<sup>5</sup> – note that both instruments had to be changed as part of the EU’s commitments in the GATT, and, subsequently, in the WTO (see *infra*)

Moreover, intervention organisations in each Member States must buy products of Community origin if the market price falls below the intervention price (or “basic price” in the case of pigmeat). In the case of fruit and vegetables, surplus quantities are sent for distillation, to charities or for destruction<sup>6</sup>.

The CAP has been reformed several times.

The first CAP reform (the Mansholt plan) was adopted in 1972. Directive 72/159 dealt with the modernization of farms, Directive 72/160 with measures to encourage the cessation of farming and the reallocation of utilized agricultural area for the purposes of structural improvement and Directive 72/161 with the

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<sup>3</sup> See for instance European Parliament Fact Sheets, [http://www.europarl.eu.int/factsheets/4\\_1\\_3\\_en.htm](http://www.europarl.eu.int/factsheets/4_1_3_en.htm)

<sup>4</sup> Moussis (2004), p. 451.

<sup>5</sup> Moussis (2004), p. 463-4.

<sup>6</sup> Moussis (2004), p. 461.

provision of socio-economic guidance for and the acquisition of occupational skills by persons engaged in agriculture.

The second CAP reform (or “Delors package I”) was approved by the European Council in February 1988. The measures adopted by the Council in April 1988 included the introduction of maximum guaranteed quantities and structural measures in favour of afforestation, the diversification of farmland and incentives for the set-aside of farmland<sup>7</sup>.

The third CAP reform introduced changes necessary to make implementation of the Uruguay Round of GATT negotiations possible<sup>8</sup>. These changes included<sup>9</sup>: a substantial cut in target prices, direct income support to farmers, measures limiting the use of means of production and the gradual replacement of variable import levies by fixed custom duties. Since the third CAP reform, the relative importance of direct income support has kept on increasing. For instance, direct aids amounted to 67% of total 2003 spending of EUR 44 461.2 million.<sup>10</sup>

The fourth CAP reform, proposed within the general framework of “Agenda 2000”, foresaw further drops in support prices<sup>11</sup>. Moreover, the target of the CAP was moved from agricultural producers to the wider rural population, consumers and society as a whole. This implies that, amongst others, the maintenance of vibrant rural communities is henceforth one of the objectives of the CAP.

A fifth CAP reform was implemented in the fall of 2003<sup>12</sup>. It provides for a single farm payment for EU farmers, independent of production and subject to compliance with environmental, food safety, animal and plant health and animal welfare standards, as well as the requirement to keep all farmland in good agricultural and environmental condition. It also contains support schemes for the producers of certain crops, a reduction in direct payments for bigger farms and financial discipline mechanism.

### **III.5.3. Transport impacts**

In August 2003, *NEA Transport research and training* submitted a study entitled “Initial survey of European policy and legislation” to DG ENV<sup>13</sup>. The aim of the study was to identify “cases where policies and legislation create transport activity as an avoidable side-effect” (p.5).

As far as the CAP is concerned, the authors have summarized the results of their study as follows (pp. 69-70):

- Both Direct Payments to farmers and Export Subsidies support export of agricultural products to third countries.
- The abolishment of Direct Payments should certainly decrease export figures, but for transport the effect would probably be compensated with a strong increase of imports from third countries. Indeed, the CAP currently inhibits transport because it creates barriers to trade.

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<sup>7</sup> Regulation 1094/88, OJ L 106, 27.04.1988 and Regulation 1137/88, OJ L 108., 29.04.1988

<sup>8</sup> Regulation 3290/94 OJ L 349, 31.12.1994 amended by Regulation 1340/98 OJ L 184 27.06.1998.

<sup>9</sup> See also Moussis (2004), p.452.

<sup>10</sup> 33rd Financial Report on The European Agricultural Guidance And Guarantee Fund, Guarantee Section – 2003 Financial Year, COM(2004) 715 final, 27.10.2004, p. 9.

<sup>11</sup> [http://europa.eu.int/comm/agriculture/publi/review99/08\\_09\\_en.pdf](http://europa.eu.int/comm/agriculture/publi/review99/08_09_en.pdf)

<sup>12</sup> Regulations 1782/2003 to 1788/2003 (OJ L 270, 21.10.2003) and Regulation 964/2004 amending Regulation 1782/2004 (OJ L 161, 30.04.2004).

<sup>13</sup> Reference: R20030108/23085000/jel/cdo

- Direct payments promote larger farms above smaller farms. Therefore, the authors foresee relocations of small farms from densely populated areas to places in the EU where space is more abundant. This tendency would be reinforced through the 2003 CAP reform (with farm size rather than production as basis for CAP support).

Another consequence of the CAP is that “Member States and regions within Member States tended to specialize in the production of agricultural commodities. Specialisation means less self-sufficiency, and therefore more transport” (page 22).

The authors also suggest that the demand transport is distorted by a lack of enforcement of EU legislation with respect to the transport of live animals.

The following points should be observed with respect to the NEA report:

- Unfortunately, the study does not contain any *quantitative* assessment of current CAP-induced transport activities.<sup>14</sup>
- A point that has been developed further in the NEA report is that the “Agenda 2000” reforms have introduced the “maintenance of vibrant rural communities” as an objective of the CAP. Council Regulation 1257/1999, Article 1.3 explicitly states that: “Rural development measures shall:
  - be integrated into the measures promoting the development and structural adjustment of regions whose development is lagging behind (Objective 1), and
  - accompany the measures supporting the economic and social conversion of areas facing structural difficulties (Objective 2)”

The Regulation foresees a whole array of rural development measures for which Community support can be granted. As the White Paper (p.11) has expressed concerns with respect to the “excessive isolation of the outlying regions, where there is a real need to improve links with central markets so as to ensure regional cohesion within the EU”, rural development policies are complementary to the objectives of the White Paper.

- The move from price support to maximum guaranteed quantities and direct income support must also have led to a decrease in transport demand, as there is no longer a need to ship excessive production to intervention organisations. This has not been considered in the study.
- Compared to the situation before the CAP was put in place, the principle of import protection can have led to a decrease in transport flows with third countries. This last point is not certain, however, as the CAP has replaced national policies that were often inward-looking as well.

### **III.5.4. Protection of geographical indications and designation of origin**

The Community system for the protection of geographical indications and designations of origin determines the criteria for qualification for a protected designation of origin (PDO) or protected geographical indication (PGI)<sup>15</sup>.

<sup>14</sup> During the kick off meeting for the study, it was decided that quantification of the effects was not an objective at that stage.

<sup>15</sup> Regulation 2081/92, OJ L 208, 24.07.1992, amended by Regulation 692/2003, OJ L 99, 17.04.2003.

According to Article 2 of Regulation 2081/92, *designation of origin* means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff:

- originating in that region, specific place or country, and
- the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors, and the production, processing and preparation of which take place in the defined geographical area.

According to the same article, *geographical indication* means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff:

- originating in that region, specific place or country, and
- which possesses a specific quality, reputation or other characteristics attributable to that geographical origin and the production and/or processing and/or preparation of which take place in the defined geographical area.

According to Article 6, if the Commission concludes that the name qualifies for protection, this shall be published in the Official Journal of the European Communities. Article 13 protects registered names against any practice liable to mislead the public as to the true origin of the product.

The purpose of this Regulation is thus to protect both the producer against unfair competition and the consumers against misleading use of a name.

As has been pointed out in the *NEA* study, “‘brand independent’ production is one of the potentials for limiting the transport volume.” (p.47) The study does not provide any indication however of the magnitude of the “brand induced” transport volumes.

Besides this effect identified by *NEA*, we should also point out that the definition of PGI does not require all stage (production, processing and preparation) to take place in the defined geographical area. Hence, the protection offered by PGI could lead to transport to the area, with the only purpose of obtaining the relevant label. Hence, *transport volumes could decrease if the status of PGI was abolished* and the protection offered limited to PDO.

### **III.5.5. Agricultural research**

In the 4<sup>th</sup> and the 5<sup>th</sup> Framework Programmes, the development of bioenergy<sup>16</sup> was part of the measures that were supported in the area of agricultural research.

The FAIR Programme was implemented under the 4<sup>th</sup> Framework Programme (1994-1998); its main objective “was the promotion and harmonisation of research in the major European primary production food and non-food sectors of agriculture, horticulture, forestry, fisheries and aquaculture”.<sup>17</sup> This included several projects in the fields of bioenergy.

The 5<sup>th</sup> Framework Programme (1999-2002) has funded projects under the header “Quality of Life and Management of Living Resources”<sup>18</sup>. This specific programme was split in several “Key Actions”. Key

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<sup>16</sup> [http://europa.eu.int/comm/research/agriculture/research\\_themes/bioenergy.html](http://europa.eu.int/comm/research/agriculture/research_themes/bioenergy.html)

<sup>17</sup> <http://www.cordis.lu/fair/home.html>

<sup>18</sup> <http://europa.eu.int/comm/research/quality-of-life.html>

Action 5 (KA5) covered “Sustainable Agriculture, Fisheries And Forestry”. One of the sub-areas in KA5 was “5.2. The integrated production and exploitation of biological materials for non-food uses”, which contained several projects in the fields of bio-energy.

The 6<sup>th</sup> Framework Programme has implied a change of emphasis for agricultural research: “Work conducted in this field that does not directly relate to food quality and safety - such as some aspects of food production, forestry, fisheries management, rural development, support to CAP and fisheries policy - are either discontinued, or can be found in the other new priority themes of FP6.”<sup>19</sup> This means that funding for research in the field of bioenergy does no longer take place within the budget for agricultural research.

## **III.6. Competition policy**

### **III.6.1. EU Competition Policy**

This note provides a review of EU competition law and its implementation as it affects the transport sector and in particular the achievement of the objectives of the White Paper. This first section provides an overview of EU competition policy. Subsequent sections deal more specifically with developments relating to maritime, air and rail transport. Focus is placed, throughout, on issues being taken forward by DG Competition, though other related issues are referred to where relevant.

EU competition policy is the remit of DG Competition, which divides its scope into five areas:

#### *III.6.1.1. Anti-trust*

This covers agreements which restrict competition, such as price-fixing agreements or cartels, and the abuse of dominant market positions, for example via predatory pricing. Agreements which restrict competition are prohibited under Article 81 of the EC Treaty, whilst abuse of market dominance is dealt with in Article 82. Since the publication of the White Paper, a new regulation on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty has come into force (Regulation 1/2003, OJ L 1, 04.01.2003).

The Commission has quantified the notion of “appreciable restriction of competition” with its notice OJ C 368 (22.12.2001), on agreements of minor importance which do not appreciably restrict competition under Article 81(1) of the Treaty establishing the European Community (*de minimis*)

The Commission is empowered to enforce these rules and has a number of investigative powers in order to do so. Where it is found that the rules have been violated, it also has powers to impose substantive fines on those involved. In addition, all national competition authorities have, since 1 May 2004, also been empowered to “apply the provisions of the Treaty in order to ensure that competition is not distorted or restricted” (CEC, 2005a). Thirdly, the rules can be upheld through the national courts in order to protect the individual rights conferred to citizens by the EC Treaty.

#### *III.6.1.2. Mergers*

The EU undertakes assessment and investigation of mergers where these might have a bearing on competition. A new regulation relating to merger control came in to force on 1 May 2004. At the same time, the

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<sup>19</sup> [http://europa.eu.int/comm/research/agriculture/era/fp6\\_intro\\_outreg.html](http://europa.eu.int/comm/research/agriculture/era/fp6_intro_outreg.html)

Commission published a number of guidelines for the conduct of assessment and investigations and undertook a number of internal reforms to strengthen the objectivity of its decisions in this area.

The decision on whether or not to investigate and take action with regard to a particular merger is subject to a ‘competition test’. The text of the new regulation reads:

*A concentration which would significantly impede effective competition, in the common market or in a substantial part of it, in particular by the creation or strengthening of a dominant position, shall be declared incompatible with the common market (CEC, 2004b).*

Hence, the Commission is, in principle, empowered to intervene against all anti-competitive mergers.

### III.6.1.3. Liberalisation

Under Article 86(3) of the Treaty, the European Commission has a specific surveillance duty relating to “public undertakings and undertakings to which Member States grant special or exclusive rights” in order to pursue Article 3 of the EU Treaty, which states that *the “activities of the Community shall include (..) a system ensuring that competition in the internal market is not distorted”*. Where necessary, the Commission is obliged to address appropriate directives or decisions to Member States which “enact or maintain in force any measure contrary to the rules contained in the Treaty, in particular to those rules provided for in Article 12 and Articles 81 to 89 (CEC, 2005a).

A number of directives and decisions have been adopted under Article 86(3). Relevant here are the directives to render transparent the financial relations between the Member States and their public companies. These Article 86(3) directives specify the obligations of the Member States resulting from the Treaty, but do not, in principle, create new substantive obligations. Where Member States are found not to be complying with such directives, the Commission initiates infringement procedures against the Member States in question. The Commission has, over the past 20 years, also adopted 15 Article 86(3) decisions, covering most of the areas where Member States have granted special and exclusive rights, including 3 relating to airports and 4 to ports and maritime transport. The Commission has not yet adopted Article 86(3) decisions in relation to railways, as *“the liberalisation process started more recently”* (CEC, 2005a).

Investigations under Article 86(3) do not necessarily result in formal decisions. In some situations; cases may appear unfounded, remedies may be found to solve the concerns of the Commission in the course of the procedure or the Commission may simply judge that adopting a decision is not necessary.

### III.6.1.4. State aid control

The EC treaty prohibits state aid that distorts competition in the Common Market but does allow exceptions “where the proposed aid schemes may have a beneficial impact in overall Union terms” (CEC, 2005a). Article 87 of the treaty specifies the types of aid which are and are not allowable.

Essentially, what is prohibited is *“any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain firms or the production of certain goods”* (CEC, 2005a). Aid can refer to a variety of forms of assistance, for example state grants, interest relief, tax relief, state guarantee or holding, or provision by the state of goods and services on preferential terms.

In contrast, the following forms of aid are allowable under Article 87 of the Treaty:

- aid having a social character, granted to individual consumers;
- aid to make good the damage caused by natural disasters or exceptional occurrences;

- aid designed to:
  - promote the economic development of underdeveloped areas (regarded as particularly backward in accordance with Community criteria);
  - promote the execution of an important project of common European interest or to remedy a serious disturbance in the economy of a Member State;
  - facilitate the development of certain activities or areas,
  - promote culture and heritage conservation;

Where, in the last two cases, such aid does not affect trading conditions and competition in the Community to an extent that is contrary to the common interest.)

The European Commission has been charged by the member states with exclusive authority for scrutinising the state aid schemes of EU governments. This involves monitoring proposed and existing state aid measures by Member States to ensure that they are compatible with EU state aid legislation and do not distort intra-community competition. Where it is found that aid granted by Member States is incompatible with the common market, the Commission has the power to require it be repaid by recipients to the public authorities which granted it.

A number of "guidelines" or "frameworks", to clarify State aid policy in a number of areas, have been adopted by the Commission. These cover:

- Regions lagging behind in terms of development;
- Research & development;
- Employment;
- Protection of the environment;
- Rescue and restructuring of firms in difficulty.

The Commission has also adopted a number of "block exemption" regulations for state aid :

- Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises:
- Commission Regulation (EC) No 68/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to training aid
- Commission Regulation (EC) No 2204/2002 of 12 December 2002 on the application of Articles 87 and 88 of the EC Treaty to State aid for employment

Aid granted in conformity with all the conditions set out in these regulations is automatically considered compatible with the common market. They all contains explicit references to the transport sector:

According to Regulation 69/2001, OJ L 10 (13.01.2001) on the application of Articles 87 and 88 of the EC Treaty to de minimis aid:, state aid of less than 100.000,00 EUR over three years is judged not to affect trade between Member Sates. This Regulation does however NOT cover transport.

With Commission Decision OJ C 37 (03.02.2001), the Commission provided guidelines on State aid for environmental protection. This Decision contains explicit references to transport sector.

OJ C 368 (22.12.2001) determines the Community framework for State aid to the motor vehicle industry (originally OJ C 279 (15.09.1997)).

Finally, Communication OJ C 70 (19.03.2002) contains a Multisectoral framework on regional aid for large investment projects (notified under document No C(2002) 315). It excludes transport sector but contains specific provisions for the motor vehicle industry.

#### *III.6.1.5. International*

The EU is active in developing bilateral and multilateral initiatives regarding competition. It has established a number of bilateral agreements on competition, in particular with the principal trading partners of the EU. Multilaterally, it is active within the World Trade Organisation and the International Competition Network.

### **III.6.2. Maritime Transport**

In the Liner Shipping Sector the principal activity in recent years has been a review of Council Regulation (EEC) No 4056/86 laying down detailed rules for the application of Articles 85 and 86 [now 81 and 82] of the Treaty to maritime transport, following issue of a Consultation Paper of 27 March 2003 and a Public hearing of 04 December 2003. This led to a White Paper of 13 October 2004 on the review of Regulation 4056/86.

Regulation 823/2000 contains a block exemption, valid until 25.04.2005, for liner shipping consortium agreements. The Regulation was adopted by the Commission under powers granted by Council Regulation (EEC) No 479/92 on the application of Article 85(3) [now 81(3)] of the Treaty to certain categories of agreements, decisions and concerted practices between liner shipping companies (consortia). - Official Journal, L55, 29.2.1992, p. 3.

Regulation 823/2000 renewed the block exemption originally granted by Commission Regulation (EC) 870/95.

Notice pursuant to Article 4 of Council Regulation (EEC) No 479/92 of 25 February 1992 on the application of Article 81(3) of the EC Treaty to certain categories of agreements, decisions and concerted practices between liner shipping companies (consortia)

### **III.6.3. Air Sector**

Both freight and passenger services have been completely liberalized since April 1997, when the last important directive of the Commission's Third Package of Air Transport Liberalization Measures came into force. This package made the EU's competition rules fully applicable to air transport, and introduced common licensing rules, free market access and deregulation of rates and fares. In addition, ground handling has been largely liberalized since January 1999. Over the past five years attention has turned to:

- airport charges and slot allocation (both being taken forward by DG TREN);
- 'Open Skies' with non-EU countries and particularly on the extension of the Single Market for air transport – the European Civil Aviation Area (ECAA) – to neighbouring countries;
- Airline alliances and mergers;
- Tariff conferences;
- State aid; and
- Air passenger rights.

### *III.6.3.1. Open skies policy (with USA and elsewhere)*

In late 2002 the European Court of Justice ruled that the nationality clauses in bilateral air service agreements between 8 member states and the United States were “contrary to the Treaty” and that the EU, rather than the individual member states, has external competence with regard to certain aspects of international air services. This ECJ ruling came after the European Commission took 8 countries – Austria, Belgium, Denmark, Finland, Germany, Luxembourg, Sweden and the UK – to the Court in 1998 in relation to their bilateral air service agreements with the US. Subsequently, similar cases were also lodged against France, Italy, the Netherlands and Portugal.

The nationality clauses in the agreements restrict international traffic rights to the national flag carriers of the countries concerned. The Court ruling confirmed that these clauses discriminate between Community companies on the basis of the nationality of their owners, and hence undermine the fundamental right of establishment, laid down in the EU Treaty, under which anyone within the EU may establish a business anywhere within the EU free from any discrimination. However, as of July 2004 (over two years following the ruling), the member states in question had taken no action in response to the ECJ ruling.

In general, it is the case that Community competence for international relations is established wherever internal EC rules have been agreed and affect companies from third countries. The ECJ’s 2002 ruling confirmed that this principle applies to air transport and, hence, that the Commission has external competence with regard to those areas of aviation now covered by European legislation. Most areas of aviation now fall under this heading, and in these areas member states are no longer free to make bilateral commitments to other countries, as – by doing so - they risk creating conflicts between the commitments they make at international level and the obligations they agreed to under EC law. So whilst the ‘Open Skies’ bilaterals negotiated by the member states in question were recognized to have brought benefits on the routes in question, the Commission’s view was that it was its role to pursue policy in this area and that it could, by pooling all member states negotiating power, achieve greater benefits through negotiation of an EU-US Open Skies agreement. For its part, the US has made it clear that it is prepared to engage constructively with the EU as a whole and to treat all EU airlines equally.

With confirmation of its external competence, in 2003 the Commission entered into negotiations with the US for a "Transatlantic Common Aviation Area" to bring the relationship between the Member States and the US into line with Community law and further open up the market. These negotiations lead to the development of a ‘First Phase Air Services Agreement’ between the EU and US, but this was rejected by European transport ministers in June 2004. Further talks on the market access, cabotage rights and ownership criteria which should figure in a revised agreement are on-going. Over the same period, the Commission has also been engaged in negotiations to secure air service agreements with its immediate neighbours to the east and south, and in spring 2005 announced its recommendation that negotiations on air service agreements be opened with China and Russia.

### *III.6.3.2. Alliances and mergers*

Power was granted to the European Commission to apply the EU competition rules to air transport between airports in the EU, including to alliances between European airlines under Regulation 3975/87 in the 1980s, but no similar powers existed where an airline alliance involves an airline from a ‘third country’. In such cases, the Commission could ‘propose’ to the undertakings concerned ‘appropriate measures’ to bring an infringement on competition rules and “authorize” Member States to take such measures (under Article 85 of the EU treaty), but it had no fact-finding or enforcement powers. The airline industry was the only sector where the Commission had no clear-cut powers to enforce EU competition rules

where the effects of anti-competitive agreements or abusive behaviour are felt in the EU market but where non-EU carriers are involved.

Following the ECJ's 2002 confirmation of EU competence with regard to certain external aspects of international air services, in February 2003 the Commission adopted a proposed regulation to give it clear powers to review cases relating to air transport between the Community and third countries. This ended the situation where the Commission has jurisdiction on an all-European alliance, but not on an alliance with, for example, a US carrier. This regulation was agreed and came into force in May 2004.

Merger and consolidation within the European market was also opened up by the ECJ's 2002 ruling, in particular that the national clauses of the bilaterals were 'contrary to the EU Treaty'. The clauses required European carriers to keep over fifty percent of their shares in the hands of the nationals of their home country or risk losing their international traffic rights, which was judged to lead to discrimination in competition. Consolidation started with the merger between Air France and KLM, which the Commission approved with a general statement welcoming consolidation.

### *III.6.3.3. Tariff setting*

Within the EU, airlines currently enjoy a block exemption from the EC Treaty's ban on restrictive business practices (Article 81) which allows them to discuss prices for scheduled passenger flights, provided these prices are for interlining (Commission Regulation (EEC) No 1617/93). In practice, the block exemption allows IATA to organise tariff conferences where carriers agree on interlining prices. Airlines wishing to participate in the IATA system for interlining can interline with others at the rates set in the conferences.

This block exemption, granted under Commission Regulation (EEC) No 1617/93 of 25 June 1993 on the application of Article 85 (3) of the Treaty to certain categories of agreements and concerted practices concerning joint planning and coordination of schedules, joint operations, consultations on passenger and cargo tariffs on scheduled air services and slot allocation at airports, as last amended by Commission Regulation (EC) No 1105/2002 of 25 June 2002, expires at the end of June 2005. The Commission has, therefore, been consulting on the future of the exemption, particularly in light of the current structure and make-up of the EU passenger air market.

Whilst tariff conferences are recognized to reduce price competition between airlines, they do provide potential benefits to consumers as they enable the use of one ticket for a journey involving flights on several different airlines (so-called 'interlining'). It is, however, unclear whether the benefits derived by passengers from the inter-lining enabled by the tariff conferences outweigh the negative impacts implied by the restriction of competition. Furthermore, given that interlining is also facilitated through airline alliances and code share agreements. The proliferation of such agreements raises the question of whether the IATA interlining system is necessary.

Hence, a discussion paper issued by the Commission in March 2005 asks whether the IATA interlining system continues to compensate consumers fairly for the restrictions of competition flowing from IATA tariff conferences and whether there are less restrictive means than price fixing that would secure the benefits of interlining. The deadline for responses to this passed in early April 2005 and a Commission decision is awaited.

### III.6.3.4. *State aid*

Several state aid issues have been raised over recent years. Most notably are those involving Airbus and Boeing, Ryan Air and Charleroi Airport, Olympic Airways and Alitalia.

An on-going dispute exists between the EU and the US regarding state aid to aircraft manufacturers Airbus and Boeing. In essence, the US argues that the loans which Airbus receives from European governments represent unfair subsidies to the European aircraft manufacturer, whilst the EU argues that Boeing receives unfair government support via US military and aerospace programmes. This dispute has reached a new height over recent months, in the run up to the launches of the Airbus A380 and the Boeing 7E7 aircraft. Amidst concerns that either the US government or the European Commission might pursue the dispute through the World Trade Organisation, negotiations on subsidies affecting the civil aircraft sector were launched in January 2005. On the European side, these negotiations were lead by DG Trade. The objective of the negotiations, which were set to last three months, was “to eliminate different types of subsidies and to establish fair market-based competition” (CEC, 2005b). However, the three month period has recently elapsed with no agreement having emerged. In the meantime, Airbus has suspended its most recent request for reimbursable aid to assist with the launch of the A380, amounting to up to 33% of 4B Euro, which it first raised in December 2004.

Whilst the Commission’s focus regarding state aid is on intra-EU competition, in any event support to Airbus may be deemed by the Commission as allowable as aid to ‘promote the execution of an important project of common European interest’. The issue here is that state aid is arguably distorting competition between the EU and the US. The issue continues unresolved at present.

In February 2004 the European Commission issued its decision regarding a complaint which was lodged with them in 2002 regarding the advantages granted to Ryanair at Charleroi airport by Brussels South Charleroi Airport (BSCA), the airport's managing body, and the Walloon Region (Belgium). The decision had two sets of implications. Firstly, it gave authority to certain forms of aid which permit genuine development of new routes under clearly defined conditions. Secondly, it clarified the types of aid that are incompatible with the proper functioning of the internal market as defined in EU law and, more specifically, required repayment of such by Ryanair

The investigation involved judging whether the ‘private market investor principle’ had been adhered to. This principle, repeatedly endorsed by the European Court of Justice, seeks to ensure equal treatment between public-sector operators, such as BSCA, and private firms. It determines that state aid does not include “investments or advantages which are granted if, at the time when an investment or a commercial contract is being considered, the public undertaking is in the same situation as a comparable private firm, guided by the same objectives of long-term profitability” (CEC, 2004a). The Commission concluded that no private operator in the same circumstances as BSCA would have granted the full set of advantages granted by BSCA to Ryanair. This meant that the advantages constituted state aid which could distort competition in favour of Ryanair.

In particular, the Commission found that the following advantages were not permissible:

- discounts on airport charges such as were granted at Charleroi, which go beyond the discounts already foreseen in the Belgian legislation, which are non-discriminatory and fully transparent;
- reduced ground handling fees, which are not offset by possible surpluses from other, purely commercial activities;
- one-shot incentives paid when new routes were launched, where no account was taken of the actual costs of launching such routes; and

- aid provided in respect of the Dublin-Charleroi route, which is not new because it was launched in 1997.

However, the Commission considered that some of the aid granted to Ryanair may be compatible with the common market in the context of transport policy insofar as it fosters the development and improved use of secondary airport infrastructure. Hence, it gave authority to marketing and publicity related aid intended for the launch of new air routes and, provided the Belgian authorities meet certain conditions, one-shot incentives.

Following the controversy of the 'Ryanair case' and subsequent cases in this area, the Commission has stated its intention to adopt guidelines with respect to the State financing of airport infrastructure and start up state aid to airlines using regional airports. To this end, it published, through DG TREN, a consultation document on the subject in February 2005. The findings of this consultation exercise and a final set of guidelines are awaited.

In addition, a more general ECJ ruling - the *Altmark Trans* judgment (ECJ, 2003) - may have implications for state-owned airports. Until the judgement, state compensation to offset the cost associated with public service obligations constituted state aid, where as under the judgement, it does not. Hence, such compensation is no longer subject to Commission approval, but only so long as public service obligations are clearly defined and efficiently discharged.

Two high profile cases where investigations have been initiated relating to state aid to airlines have been observed over recent years; those relating to Alitalia and to Olympic Airways. In March 2004 the Commission decided to initiate a formal State aid investigation procedure against Greece concerning Olympic Airways, having expressed its doubts about the arrangements for setting up and privatising a new company - Olympic Airlines. The investigation is intended to ensure that no State aid is involved. On the other hand, in July 2004 the Commission authorised rescue aid for the Italian airline Alitalia. The aid consists of a €400 million bridging loan at a short-term market rates which must be repaid on expiry to enable arrangements to be worked out for the possible restructuring of the company without additional State aid.

#### *III.6.3.5. Air Passenger Rights*

Through DG TREN, air passengers' rights have been strengthened as of February 17 2005. The details are set out in Regulation (EC) No 261/2004 of the European Parliament and of the Council of 11 February 2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights, and repealing Regulation (EEC) No 295/91.

#### **III.6.4. Rail sector**

As stated above, competition policy has not been as active in rail transport as in sea and air, because action to open the market to competition in rail is more recent. The clearest risk of abuse of dominant position in the rail sector lies in the issue of access to the infrastructure, on which there is specific legislation reviewed elsewhere.

However, DG Competition has been involved in the issue of whether an existing rail operator is obliged to supply traction and rolling stock or train crew to a competitor. Since acquisition of traction and rolling stock and appropriately trained train crew may be difficult and involve a high sunk cost, these may be important barriers to entry in rail transport.

The relevant issues here are deemed to be whether traction, rolling stock and train crew are ‘essential facilities’, in that they are indispensable to the operation of the service, and that denial of access would prevent competition. The Court of Justice has taken the view that the appropriate market in considering such cases is the rail market, so the existence of inter modal competition is not a relevant defence for the failure to provide access. In the European Night Services case, the Court found that the Commission had not established that the operator concerned could not acquire traction, rolling stock and train crews by other means. Thus these were not deemed to be ‘essential facilities’ and there was no obligation to make them available to a third party. However, in the FS/GVG case, where GVG wished to enter into an alliance with FS to operate international passenger service, it was found that – under existing legislation – FS was the only possible partner for such an international service. It could not therefore refuse to enter such an alliance without good objective reasons for doing so (Stehmann and Zellhofer,2004).

### **III.6.5. Conclusion**

EU Competition Policy has had an impact on air and sea transport, although that impact has been limited by the fact that to date many practices (such as liner conferences) have been granted exemptions, and by the difficulty in enforcing members to act even when, as in air transport, they are found to be infringing European law.

We can summarize the analysis as follows:

- In relation to the revitalisation of the railways, despite the one ruling referred to above, it does not appear in general that competition legislation will make much contribution to opening up the rail market other than by enforcement of specific rail legislation.
- In relation to balancing air transport and the environment, there has been quite a lot of activity to promote competition, but in most cases where this is making an impact it is resulting in downward pressure on prices, facilitating growth in demand, and doing little to balance this with the environment.
- In relation to promotion of water transport, again there has been some activity but, to date this has had relatively little effect.
- With regard to the TENs, we have interpreted ‘building’ as ‘developing’; and made the judgement that developments, particular in relation to the ‘open skies’ policy and its extension to the new member states, are fostering developments in the TEN corridors.
- The developments relating to tariff-setting in airlines are likely to have an impact on charging in the sector, but again it is likely to put further downward pressure on airline fares, whilst doing nothing to tackle the external costs of air transport.
- With regard to user rights, there has been a lot of activity but this has only come into affect very recently, so the impacts are as yet relatively low.
- Finally, in relation to managing globalisation, there have again been several lines of activity, e.g. in relation to state aid in the US and Europe and in relation to the extension of ‘open skies’ to the US and other parts of the world, but as yet these are yet to yield concrete results.

In general, the direction of impact, where impacts have occurred or are likely to occur, appears to be consistent with the competition-related objectives of the Common Transport Policy White Paper. However, where policy has been most successful – in relation to air – it is actually inconsistent with the relevant White Paper objectives. Making air more competitive in relation to other modes, whilst doing nothing to internalise the external costs of air transport.

### **III.7. Economic and Financial Affairs**

The mission of this DG springs from the Treaty on European Union, on economic and monetary policy. Ensuring a smooth functioning of the Economic and Monetary Union (EMU) is its most important work.

This is an area where trade-offs exist between the priorities of this DG and the White Paper. As the White Paper has identified the limited availability of public funds as one of the main obstacles in the realisation of infrastructure projects, the fiscal discipline imposed by the Stability and Growth Pact may prevent some member states from making the necessary investments in their transport infrastructure.

### **III.8. Education and Culture**

The mission of this DG is three-fold:

- Building a Europe of knowledge
- Developing the European cultural area
- Involving citizens in European integration

Obviously, all the EU programmes intended at increasing students mobility and cross-border exchanges (Leonardo da Vinci, Socrates, Erasmus Mundus, etc) imply an increase in transport demand. On the other hand, initiatives in the field of eLearning could lead to a decrease in transport demand. We can however safely assume that this impact is negligible compared to total transport volumes.

We have not identified channels through which cultural policy interferes with the realisation of the White Paper's objectives.

### **III.9. Employment, Social Affairs and Equal Opportunities**

The European policy on social issues focuses mainly on two different aspects: a common employment policy and the improvement of the living and working conditions in Europe. The general aim is to even out economic and social imbalances in the Union and to ensure an equal participation of the advantages of the Internal Market amongst all regions and citizens. To this end, a Social Policy Agenda has been adopted in 2000 (COM(2000) 379) as the EU's roadmap for implementing the Lisbon Strategy which is aimed at economic and social renewal and a return to full employment. A mid-term review of the Social Policy Agenda has been presented in 2003 with the aim to determine future actions necessary in order to respond to new challenges and needs while taking into account the experiences from the first years. As main challenges for future action the successful enlargement has been underlined as well as the pervasive structural weaknesses in labour markets, demographic trends, gender inequalities, the changing nature of families, technological change and the requirements for the knowledge-based economy, disparities and poverty, the internationalisation of the economy (COM (2003) 312).

The social policy does have indirect impacts on all transport sectors through influencing the general socio-economic development positively. Furthermore, specific provisions have been taken for safeguarding of employees' rights with respect to working hours for all transport modes (in particular Directives 1999/95, 2000/79, 2002/15, 2003/88 resp. COM (200) 32). Directive 2000/34, OJ L 195 (01.08.2000) amends Council Directive 93/104/EC concerning certain aspects of the organisation of working time to cover

sectors and activities excluded from that Directive. It contains explicit references to the transport sector, but excludes seafarers. Directive 1999/95, OJ L 14 (20.01.2000) concerns the enforcement of provisions in respect of seafarers' hours of work on board ships calling at Community ports. Directive 2000/79, OJ L 302 (01.12.2000) concerns the European Agreement on the Organisation of Working Time of Mobile Workers in Civil Aviation concluded by the Association of European Airlines (AEA), the European Transport Workers' Federation (ETF), the European Cockpit Association (ECA), the European Regions Airline Association (ERA) and the International Air Carrier Association (IACA). Finally, Directive 2002/15, OJ L 80 (23.03.2002) organises the working time of persons performing mobile road transport activities

These provisions support the implementation of the White Paper measures and objectives.

A further aspect in particular relevant for public transport, rail and aviation is the common social policy on implementing a “barrier free Europe”, i.e. to combat discrimination and eliminate barriers to the participation of disabled people. To this end, a follow-up to the EU action plan and Communication on the integration of people with disabilities (2004-2005) and a Commission report on the situation of people with disabilities (2005) are proposed in the review of the Social Policy Agenda.

Directive 2001/23, OJ L 82 (28.03.2001) contains measures safeguarding employees' rights in the case of transfers of undertakings. This Directive could thus have a (probably minimal) impact on M&A within the transport sector. It contains an explicit exemption for seagoing vessels.

We should also mention the following Directive that set minimum standards for safety and health at work:

- Directive 2000/54, OJ L 262 (17.10.2000) on the protection of workers from risks related to exposure to biological agents at work (seventh individual directive within the meaning of Article 16(1) of Directive 89/391/EEC)
- Directive 1999/92 OJ L 23 (28.01.2000) on minimum requirements for improving the safety and health protection of workers potentially at risk from explosive atmospheres (15th individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC)
- Directive 2002/44 OJ L 177 (06.07.2002) on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (vibration) (sixteenth individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC)
- Directive 2003/10 OJ L 42 (15.02.2003) on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (noise) (Seventeenth individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC)

Note that Directive 2002/44 contains explicit exemptions for sea and air transport.

Recommendation 2003/134, OJ L 53, 28.02.2003 concerns the improvement of the protection of the health and safety at work of *self-employed* workers

## **III.10. Enterprise and Industry**

According to its 2005 Management Plan, the Enterprise and Industry DG sets itself the following objectives:

- Support the Lisbon process
- Lower barriers to entrepreneurs in Europe and encourage potential entrepreneurs;
- Foster innovation both in the technical sphere as an adjunct to research, and in the business process;
- Continue to enhance the efficiency of the internal market, with particular attention paid to its operation in the new Member States, and aim to extend its benefits to other regions;
- Enhance the global competitiveness of European industry within a framework of sustainable development.

As one of the main concerns underlying the White Paper was that congestion would threaten the EU's competitiveness, it is clear these objectives are in line with those of the White Paper. However, as increases in economic activity generally also lead to an increase in transport demand, this is the area *par excellence* where difficult trade-offs exist between stimulating growth in the short run, and avoiding suffocating congestion in the long run.

### **III.10.1. Lisbon strategy**

The general objective of the Lisbon strategy adopted by the European Council of 23-24 March 2000 was for the EU "to become the most competitive and dynamic knowledge-based economy in the world, capable of sustained economic growth with more and better jobs and greater social cohesion". One of the main axes of the strategy was "economic reforms for a complete and fully operational internal market". Several policies in this area (such as reforming procurement rules, removing barriers to services...) are likely to have a more or less direct positive impact on transport demand, thus strengthening the need for White Paper policies such as building the trans-European network, revitalising the railways, balancing air transport and environment... One of these policies is more directly related to one area of the White Paper: to speed up liberalisation in transport (see Section III.6.4).

The European Council of March 2005 called upon the Commission, the Council and the Member States to re-launch the Lisbon strategy by refocusing it on growth and employment in Europe, in accordance with the Commission's proposals (COM (2005) 24 of 02.02.2005). This renewed strategy has also implications for the White Paper implementation.

Of course, the causality is mostly in the other direction, since transport policy is expected to contribute to the general objective of the strategy of promoting growth and employment.

However, the Lisbon strategy can also have an impact on the implementation of the White Paper, and the interplay with transport policy is more significant in the renewed strategy than in the original one. If the strategy achieves its objectives, higher economic growth would influence transport demand and transport policy in general through different channels.

COM (2005) 24 is complemented by SEC(2005) 192. This document contains a more concrete action plan per Central Policy Area, with actions to be undertaken within the Member States' Lisbon national Programmes and the Lisbon Community Programme.

Central Policy Area N° 1 is to "Extend and deepen the Internal Market". It includes measures to promote the free movement of services but also of goods. These should have an impact on transport demand. Moreover, it explicitly insists on respecting agreed timetables for the liberalization of the energy and transport markets (including the 3<sup>rd</sup> railway package and access to seaport services).

Central Policy Area N° 2 is to “Ensure open and competitive markets inside and outside Europe”. It includes the following policy: "Reinforced bilateral and multilateral cooperation on competition policy and transport policy (TEN's, aviation, GALILEO, maritime safety). This should have a complementary impact on several White Paper policies.

Central Policy Area N° 3 is to “Improve European and National regulation”. By improving the impact assessment of measures, it should also have an impact on the way White Paper policies are implemented. However, these impacts cannot be qualified a priori of providing a greater impulse or creating potential conflicts with White Paper policies. The current document covering Impact Assessment is the Communication from the Commission on impact assessment (COM(2002)0276) of 5 June 2002.

Central Policy area N° 4 is to "Extend and improve transport infrastructure". The main focus is on the completion of TENs, including those selected in the Quick-start programme (in the context of the European Growth Initiative endorsed by the European Council in December 2003, which aimed at stimulating the long-term growth potential of the EU, inter alia by accelerating the achievement of priority projects in the area of TENs), and with a particular emphasis on the achievement of cross-border connections. This could provide a political impulse to this area of the White Paper but there could also be concrete financial consequences in terms of increased EU budget for TENS in the 2007-2013 financial perspectives. Note that COM (2005) 24 also insists on the necessity of infrastructure pricing (p.20). Other priorities highlighted in this Policy Area are the speeding up of liberalisation and intelligent transport systems (ITS) and intermodality (legislation on digital tachograph, R&D on multimodal real-time information, universal on-board units, ERTMS, SESAME). Transport policy thus becomes one of the main axes of the Action Plan.

Central Policy Area N° 5 is to “Increase and Improve investment in Research and Development”. It does not contain any specific references to R&D in transportation, but “Energy efficiency and low carbon technology” are explicitly referred to in “Other related issues”. However, COM (2005) 24 explicitly refers to transport as an area where eco-innovations need to be promoted (p.24).

Central Policy Area N° 6 is to “Facilitate innovation, the uptake of ICT and the sustainable use of resources”. A recurring theme in this Policy Area is the encouragement of environmental technologies and energy efficiency (increase R&D, Green Public Procurement, low carbon technology investment fund, clean vehicles, hydrogen pilot project, implementation of the biofuel directive). As such it contributes to one of the essential objectives of the White Paper.

Central Policy Area N° 7 is “Contributing to a strong European Industrial Base”. This Area has no specific impact on the realization of the White Papers.

Central Policy Area N° 8 is to “Attract more people into employment and modernise social protection systems”. Although there is no direct interaction with the White Paper, we should keep in mind that high commuting costs are part of the cost of employment, and can thus contribute to high unemployment.

There is no clear-cut link with Central Policy Areas N° 9 (“Improve the adaptability of workers and enterprises and the flexibility of labour markets”) and N° 10 (“Increase investment in human capital through better education and skills”).

### **III.10.2. Sectoral policy**

Some aspects of the EU's industrial policy are also related to some specific sectors.

Regulation 1177/2002, OJ L 172 (02.07.2002) concerning a temporary defensive mechanism to shipbuilding allows for aid to shipbuilders that are subject to “unfair” Korean competition. Although this regulation has expired on 31 March 2004, it should be pointed out that the White Paper insists that the EU should maintain control over its tanker fleet (p. 41).

Regulation 1400/2002 of 31 July 2002 on the application of Article 81(3) of the Treaty to categories of vertical agreements and concerted practices in the motor vehicle sector (OJ L 203 , 01/08/2002) intends to increase competition in that sector. As such, it lowers the cost of owning and using motor vehicles, and thus discourages the shift to other modes of transport. Of course, discouraging competition in the motor vehicle sector is not the most efficient way to promote this modal shift.

Taking into account the large number of small firms in the road haulage sector (see White Paper p. 76), European policies aimed at small enterprises can have a direct impact on the structure of the sector.

- A multi-annual programme for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs) was created by Decision 2000/819, OJ L 333 (29.12.2000) ; it was adopted for a five year period starting from 1 January 2001. This programme could have been relevant for some small road hauliers. However, due to its limited duration, it is unlikely to have a lasting effect .
- Recommendation 2003/361 (OJ L 124) of 20/05/2003 concerning the definition of micro, small and medium-sized enterprise serves as a reference for Community policies (competition, structural funds, R&D, etc).

## **III.11. Environment**

### ***III.11.1. Overview of environmental policy***

The environment policy of the European Union comprises a whole range of policy initiatives with relevance for the transport sector. The Göteborg European Council approved a EU strategy for sustainable development – see COM(2001) 264 (15.05.2001). The essential principles underlying this strategy are:

- Coordinated development of common policies
- A set of headline objectives to limit climate change and increase the use of clean energy, address threats to public health, manage natural resources more responsibly and improve the transport system and land-use management
- Steps to implement the strategy and review its progress at every spring meeting of the European council

The approval of this strategy preceded the publication of the White Paper, and the White Paper often refers to it.

This Section gives an overview of the environmental legislation, implemented in 2000-2003, that affects the White Paper policies.

### **III.11.2. 6th Community environment action programme**

This document sets out environmental objectives for 2001 to 2010 – see Decision 1600/2002 OJ L 242 (10.09.2002), with the following priority fields:

- Tackling climate change
- Nature and biodiversity
- Environment and health
- Sustainable management of natural resources

It is clear that the proposed measures will affect the realisation of the objectives of the White Paper if they are properly implemented.

According to Article 5 of the Decision, the following measures need to be taken in order to reduce greenhouse gas emissions in the *transport* sector:

- (a) identifying and undertaking specific actions to reduce greenhouse gas emissions from aviation if no such action is agreed within the International Civil Aviation Organisation by 2002;
- (b) identifying and undertaking specific actions to reduce greenhouse gas emissions from marine shipping if no such action is agreed within the International Maritime Organisation by 2003;
- (c) encouraging a switch to more efficient and cleaner forms of transport including better organisation and logistics;
- (d) in the context of the EU target of an 8 % reduction in greenhouse gas emissions, inviting the Commission to submit by the end of 2002 a Communication on quantified environmental objectives for a sustainable transport system;
- (e) identifying and undertaking further specific action, including any appropriate legislation, to reduce greenhouse gas emissions from motor vehicles including N<sub>2</sub>O;
- (f) promoting the development and use of alternative fuels and of low-fuel-consuming vehicles with the aim of substantially and continually increasing their share;
- (g) promoting measures to reflect the full environmental costs in the price of transport;
- (h) decoupling economic growth and the demand for transport with the aim of reducing environmental impacts;

Article 6 (“objectives and priority areas for action on nature and biodiversity”) mentions as priority action the development of further measures to help prevent major accident hazards with special regards to, amongst others, marine transport of hazardous substances.

Article 7 (“objectives and priority areas for action on environment and health and quality of life”) identifies the following measures to be taken in order to reduce noise:

- supplementing and further improving measures, including appropriate type-approval procedures, on noise emissions from services and products, in particular motor vehicles including measures to reduce noise from the interaction between tyre and road surface that do not compromise road safety, from railway vehicles, aircraft and stationary machinery;
- developing and implementing instruments to mitigate traffic noise where appropriate, for example by means of transport demand reduction, shifts to less noisy modes of transport, the promotion of technical measures and of sustainable transport planning;

The same article identifies, amongst others, the following measures to be taken in the field of urban environment:

- the reduction of the link between economic growth and passenger transport demand;
- the need for an increased share in public transport, rail, inland waterways, walking and cycling modes;
- the need to tackle rising volumes of traffic and to bring about a significant decoupling of transport growth and GDP growth;
- the need to promote the use of low emission vehicles in public transports;

All these points clearly complement the White Paper on Transport.

### **III.11.3. Public Participation**

Directive 2003/35 OJ L 156 (25.06.2003) tackles the problem of “public participation in respect of the drawing up of certain plans and programmes relating to the environment”. Its provisions could have a direct and straightforward impact on some aspects of the White Paper, in particular with respect to infrastructure development where a trade-off could be between speedily improving rail and intermodal infrastructures, and respecting public participation.

Directive 2001/42 OJ L 197 (21.07.2001) imposes similar obligations.

### **III.11.4. Environmental liability**

In 2000, the Commission published its White Paper on environmental liability.

Directive 2004/35/EC of the European Parliament and of the Council of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage has been published in the Official Journal L 143 of 30 April 2004. It introduces a Community-wide liability regime for environmental protection.

It explicitly covers the collection, transport, recovery and disposal of waste and hazardous waste, and of dangerous goods (see Article 3.1).

There is a straightforward direct effect on the environment, as liability leads to an internalisation of risk. As all transport activities entail some risk of damage in case of accidents, this should thus also have an impact on environmental damage caused by the transport sector.

A less desirable possible impact of this Directive is that firms confronted with non-insurable liability regimes will limit their assets as much as possible in order to be judgement proof in case an accident occurs. Thus, such a regime could lead to smaller firms in the transport sector, and thus not a full exploitation of possible economies of scale. Taking into account the “extremely precarious financial position of many haulage companies” (White Paper, p.23), it can be doubted that this outcome is desirable.

However, it is unlikely that this will happen in practice, as the Directive requires that “Member States should take measures to encourage the use by operators of any appropriate insurance or other forms of financial security and the development of financial security instruments and markets in order to provide effective cover for financial obligations under this Directive”. The Commission has also declared that it

“will present a report, six years after the entry into force of the Directive, covering, inter alia, the availability at reasonable costs and conditions of insurance and other types of financial security”.

We can conclude that the impact on the White Paper’s objectives is likely to be very limited.

### **III.11.5. Environmental protection through Criminal Law**

In this area, two recent initiatives need to be mentioned.

First, Decision 2003/80/JHA OJ L 29 (05.02.2003) aims at the protection of the environment through criminal law.

Article 2 requires the Member States to establish the unlawful transport, export or import of waste and hazardous radioactive substances as a criminal offence.

As such, this decision has immediate consequence for the transport sector. The introduction of criminal sanctions could partially solve the problem of judgement-proofness when small firms in the transport sector are confronted with huge civil liability claims.

Following Art 8.b, this would not only apply to offences committed on a Member State’s territory, but also on board of a ship or an aircraft registered in the Member State or flying its flag. This could have an impact on the White Paper’s intention to promote reflagging, as it makes such reflagging less attractive. On the other hand, it would contribute to the objective of higher maritime safety.

Second, with COM/2003/0092 final, the Commission introduced a Proposal for a Directive on ship-source pollution and on the introduction of sanctions, including criminal sanctions, for pollution offences.

The purpose of this Proposal was twofold:

Firstly, it incorporates the applicable international discharge rules for ship-source pollution into Community law and regulates the enforcement of these rules in detail. This part of the proposal includes certain important new features, notably the inclusion of violations that have taken place in the high seas (sea areas beyond the jurisdiction of any State). Secondly, the proposed Directive establishes that violations of the discharge rules shall be criminal offences and provides guidance on the nature of the penalties to be awarded.

With COM (2004) 0676, the Commission communicated that the “Council did not wish to make it mandatory to establish a system of criminal sanctions for illegal discharges of polluting substances at sea. On this point, the Commission expressed in its statement to the Transport Council its regret regarding the ambitions achieved by the common position.”

The proposal is awaiting the final decision of the Council.

This is one particular point that can infringe on the realisation of the ambitions of the White Paper. As firms can escape from liability regimes by making themselves judgement-proof, criminal sanctions are an important complement to liability regimes.

### **III.11.6. Integrated Product Policy**

On 18.6.2003, the Commission published COM(2003) 302 “Integrated Product Policy - Building on Environmental Life-Cycle Thinking”. This Communication builds further on the “Green Paper on Integrated Product Policy” (COM(2001)68). According to MEMO/03/136 (18/06/2003, available on-line), “Integrated Product Policy (IPP) seeks to support sustainable development by reducing the negative environmental impacts of products throughout their life-cycle “from cradle to grave””.

The two current pilot projects in this field (mobile phones and teak garden chairs) bear no direct relation with the transport sector.

The Communication also announced to launch a work with the purpose of identifying products with the greatest potential for environmental improvement from a life-cycle perspective. This work has started in 2004. The first phase in this work was to identify products with the greatest environmental impact from a life cycle perspective – this has led to a draft report. Stakeholder consultation is ongoing (see: <http://europa.eu.int/comm/environment/ipp/identifying.htm>). Although transport is a recurring theme in this document, it is not clear in this stage to what concrete measures it would lead.

### **III.11.7. Air pollution**

In the field of air pollution, several Directives have been adopted since the publication of the White Paper. These are in line with the concerns expressed in the White Paper with respect to air pollution from traffic (p. 13).

#### *III.11.7.1. Directive 2001/100, OJ L16 (18.01.2002): Motor vehicle emissions – technical controls*

This amends Directive 70/220, OJ L 76 (06.04.1970) concerning the harmonisation of legislation on measures against air pollution by motor vehicle emissions. The amendments relate to technical controls that motor vehicles are subject to. This Directive should have a straightforward impact on costs and on the environmental impact of motor vehicles.

#### *III.11.7.2. Directive 2003/17 OJ L 76 (22.03.2003): Quality of fuels*

This amends Directive 98/70, OJ L 350 and concerns the quality of petrol and diesel fuels (mainly with respect to sulphur and lead content). This Directive should have a straightforward impact on costs and on the environmental impact of motor vehicles.

#### *III.11.7.3. Directives 2001/81 OJ L 309 (27.11.2001): on national emission ceilings for certain atmospheric pollutants*

The aim of this Directive is to limit emissions of acidifying and eutrophying pollutants and ozone precursors (Article 1). It sets national emission ceilings for certain atmospheric pollutants relating to ozone in ambient air. It sets limit values to be met by each Member States by 2010.

Article 6 requires that “Member States shall, by 1 October 2002 at the latest, draw up programmes for the progressive reduction of national emissions of the pollutants”. Thus, while this Directive can have an impact on the transport sector, knowledge of measures taken by Member States is required in order to be able to make an assessment.

Article 9 foresees that, in 2004 and 2008, the Commission shall report on the implementation of these ceiling – these reports should include an economic assessment, and cover, inter alia, the development of transport and any further action to control transport emissions. Hence, if these reports have indeed been delivered, then they could be a very useful input in our analysis.

The specific problems related to ship and aircraft emissions are covered by Article 12. For both sectors, a report from the Commission is required. If these reports have indeed been delivered, then they could be a useful input.

#### *III.11.7.4. Directive 2002/3/EC (12.02. 2002) relating to ozone in ambient air*

This Directive “establish long-term objectives, target values, an alert threshold and an information threshold for concentrations of ozone in ambient air in the Community”. It requires the Member States to take specific action plans. In order to have an idea of the impact on the Transport Sector, a detailed knowledge of these measures is necessary.

#### *III.11.7.5. Directive 2000/69 OJ L 313 (13.12.2000): Air quality standards for benzene and CO*

This Directive sets EU-wide air quality standards for benzene and carbon monoxide. Again, it is left to the Member States to realise the implementation – the Directive only sets ambient air standards.

Article 8 foresees that “No later than 31 December 2004 the Commission shall submit to the European Parliament and the Council a report based on the experience acquired in the application of this Directive (...)”. If this report has indeed been delivered, then it could be a source of information.

#### *III.11.7.6. Commitment of car manufacturers’ associations on CO<sub>2</sub> emission reductions from new passenger cars*

In 1998, the European Commission and the Automobile Manufacturers’ Associations reached an agreement on the reduction of CO<sub>2</sub> emissions from passenger cars<sup>20</sup>. In this agreement, the European carmakers’ association ACEA commits itself to achieve an average CO<sub>2</sub> emission figure of 140 g/km by 2008<sup>21</sup> for all its new cars sold in the European Union<sup>22</sup>. Furthermore, it is committed that the members of ACEA should achieve an intermediate target in the range from 165 to 170 g CO<sub>2</sub>/km in 2003<sup>23</sup>. The targets must mainly be achieved by technological developments. Decision 1753/2000 lays down a scheme for monitoring the average CO<sub>2</sub> emissions from new passenger cars.

In their Joint Monitoring Reports the European Commission and ACEA have indicated lower CO<sub>2</sub> emissions than set for the intermediate target already for 2002. In a study of DLR on the reasons for the CO<sub>2</sub> reduction achieved between 1995 and 2003 it is concluded that no evidence could be found that the observed total reductions the CO<sub>2</sub> fleet average was significantly influenced by other factors than technological developments (Mehlin et al, 2004).

Concerning the fulfilment of the 2008 target some doubts appear and were discussed in press as the recent reduction rates were lower than required. In their commitment, carmakers expected relatively slow reduction rates at the beginning and to gather pace later. Actually, reduction rates from 2001 onwards are lower

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<sup>20</sup> Commission Recommendation 1999/125/EC

<sup>21</sup> Measured according to Directive 93/110/EC

<sup>22</sup> The Japanese and the Korean Associations (JAMA and KAMA) aim at achieving 140 g CO<sub>2</sub>/km by 2009, see Commission Recommendation 2000/303/EC and 2000/304/EC

<sup>23</sup> and JAMA’s members from 165 to 175 g CO<sub>2</sub>/km in 2003, KAMA from 165 to 170 g CO<sub>2</sub>/km in 2004

than at the beginning and a further growth of the diesel share that has lowered down the average emission significantly is not expected.

The three commitments include a review in 2003 of the potential for additional fuel-efficiency improvements with a view to moving further towards the objective of 120 g CO<sub>2</sub>/km by 2012. In its statement ACEA claimed that excessive societal costs will be incurred to reach the level of 120 g/km by 2012. Based on a study undertaken by ADL it is expected that extra production costs of 4000 Euro per car on average will be required. Therefore, ACEA suggested an “integrated approach” that will involve a significant contribution from vehicle technology and other contributions from biofuel blending, additional alternative fuels, traffic management etc. Other sources provide lower costs for low emission cars.

In the DLR-study an average CO<sub>2</sub> emission value of 123.5 g/km was calculated for 2012 in the base case without additional costs. A sensitivity analysis with different reduction rates per car size resulted in 125.2 g/km by 2012 (Mehlin et al., 2004). Hence, considering the aspect of different car sizes, the target value becomes even more difficult to meet. Therefore, the challenge for the car manufacturers is that they have to sell a sufficient amount of low emission cars in order to compensate for all the cars with high emission values.

Overall, the ACEA voluntary agreement and the Monitoring scheme are promising instruments to exploit the remaining technical potential on the way towards achieving a CO<sub>2</sub> emission value of 120 g/km, especially when considering the now established institutional framework.

*III.11.7.7. COM(2005) 269 final (22.06.2005) Implementing the Community Strategy to Reduce CO<sub>2</sub> Emissions from Cars: Fifth annual Communication on the effectiveness of the strategy*

In this communication from the Commission to the Council and the European Parliament, the Commission informs on the effectiveness of the Community’ strategy to reduce CO<sub>2</sub> emissions from passenger cars and improve fuel economy . This strategy is based on three pillars; the Commitments of the automobile industry on fuel economy improvements, the fuel-economy labelling of cars and the promotion of car fuel efficiency by fiscal measures.

The main conclusions are:

- ACEA and JAMA have, during the period 1998 to 2003, met all the obligations stated in their respective Commitments.
- In order to meet the final target of the Commitments (140 g CO<sub>2</sub>/km) all three associations (JAMA, ACEA and KAMA) have to increase their efforts. The Commission has only expressed a real concern with respect to KAMA.
- The legal transposition of Directive 1999/94 relating to the availability of consumer information on fuel economy and CO<sub>2</sub> emissions in respect of the marketing of new passenger cars is now completed. However, the Commission thinks that work on its effectiveness signals significant shortcomings.
- ACEA and JAMA see no possibility to achieve the target of 120g CO<sub>2</sub>/km in a cost-efficient manner by technical measures. The Commission will carry out its own assessment and present a proposal in the second half of 2005.
- The Commission is continuing its work concerning CO<sub>2</sub> emissions from light commercial vehicles and on CO<sub>2</sub> emissions due to the use of mobile air conditioning.

III.11.7.8. *Directive 2002/51 OJ L 52 (20.09.2002): Emissions and sound output of 2-/3-wheelers*

This Directive amends Directive 97/24, OJ L 226 (18.08.2007) on the emissions and sound output of two or three wheel motor vehicles. This Directive should have a straightforward impact on the costs and on the environmental impact of motor vehicles.

### **III.11.8. Noise pollution**

With respect to noise pollution, the following Directives have been introduced since the publication of the White Paper. These are in line with the concerns expressed in the White Paper with respect to noise pollution from traffic (p. 13).

III.11.8.1. *Directive 2002/51 OJ L 52 (20.09.2002): Emissions and sound output of 2-/3-wheelers*

See Section III.11.7.8.

III.11.8.2. *Directive 2002/30 OJ L 85 (28.03.2002): Noise-related restrictions at airports*

This Directive tackles the establishment of rules and procedures with regard to the introduction of noise-related operating restrictions at Community airports. Considerable discretion is left to individual Member States. Moreover, the first compulsory report from the Commission is only due in 2007 (Article 14).

Hence, nothing more can be said on the impact of this measure without information on the national implementation. However, it should be noted that this would contribute to one of the objectives of the White Paper, namely to reduce noise pollution by aircraft (see p.14 and p.39).

III.11.8.3. *Directive 2002/49 OJ L 189 (18.07.2002): Environmental noise*

This directive relates to the assessment and management of environmental noise.

Article 8 foresees that “Member States shall ensure that no later than 18 July 2008 the competent authorities have drawn up action plans”. Moreover, the “measures within the plans are at the discretion of the competent authorities”.

Hence, nothing more can be said on the impact of this measure without more information on implementation.

### **III.11.9. Type-approval of motor vehicles with regard to their re-usability, recyclability and recoverability**

With COM (2004) 0162, the Commission has introduced a Directive Proposal on the type-approval of motor vehicles with regard to their re-usability, recyclability and recoverability and amending Council Directive 70/156/EEC. This proposal lays down the necessary provisions to ensure that new passenger cars and light-duty trucks are designed to comply with required minimum rates of re-usability, recyclability and recoverability.

The memorandum contains an explicit cost-benefit analysis (p.18-19), but recognizes that the costs of the directive depend crucially on the structure of the enterprise. For instance, according to the European

Automobile Manufacturers Association, the impact on net production and development costs per vehicle lies within a range going from 14,00 EUR savings up to 50,00 EUR supplementary costs. According to the “Impact on business” section (p.42), the regulation should pose no risk to the competitiveness of business.

Thus, while there could be an impact on the prices of vehicle (and thus on modal choice), it is likely to be limited.

The consultation process with respect to this proposal is still on-going ([http://europa.eu.int/comm/environment/waste/elv\\_index.htm](http://europa.eu.int/comm/environment/waste/elv_index.htm)).

### **III.11.10. Urban environment and land-use**

With COM(2004)60 final, the Commission has proposed a thematic strategy on the urban environment (11.02.2004).

According to the Sixth Environment Action Programme, the following transport-related objectives are included in the Thematic Strategy on the Urban Environment (p.3):

- the reduction of the link between economic growth and passenger transport demand;
- the need for an increased share in public transport, rail, inland waterways, walking and cycling modes;
- the need to tackle rising volumes of traffic and bring about a significant decoupling of transport growth and GDP growth;
- the need to promote the use of low emission vehicles in public transports;

It is the Commission’s wish that capital cities and urban agglomerations of more than 100,000 inhabitants adopt an urban environment management plan and a sustainable urban transport plan (p.5).

Section 2.2 is entirely devoted to sustainable urban transport. The proposed actions are summarized on p.19.

The Commission encourages all Member States to:

- set out a clear framework policy on sustainable urban transport;
- evaluate the impacts of new urban transport infrastructure projects on the sustainability of the town’s transport system;
- closely follow the guidelines on the use of structural funds.

The “to do” list for the Commission itself is perfectly in line with the White Paper.

In Section 2.4, the Commission looks more closely at the problem of urban design. It identifies urban sprawl as the most urgent of the urban design issues, and emphasizes the need to construct high density, mixed use and compact urban areas. In this area, it encourage Member States to, amongst others:

- ensure that their land use planning systems achieve sustainable urban settlement patterns and take into account environmental risks, and to undertake a review to assist this;

- develop incentives to encourage the reuse of brownfield land over the use of greenfield land, create national databases of brownfield land and set challenging targets for its reuse, and provide support for the reuse of empty properties in urban areas;
- set minimum residential land use densities to encourage higher density use and limit urban sprawl;

All this is clearly in line with the White Paper.

The public consultation on the Thematic Strategy has started on 28 July 2005 and will end on 21 September 2005. The information will feed into the strategy which is scheduled for adoption in December 2005.

### **III.11.11. Conclusion**

It is clear that as far as the Directive on public participation is concerned, a trade-off exists between the objectives of the White Paper and some aspects of environmental policy.

With respect to the introduction of environmental liability, we observe that a trade-off had to be made between two objectives: promoting re-flagging and introducing tougher rules on maritime safety.

Also, the refusal of the Council to establish a system of criminal sanctions for illegal discharges of polluting substances at sea is at odds with the objectives of the White Paper.

## **III.12. Fisheries and Maritime Affairs**

According to its website, “(t)he Directorate General for Fisheries and Maritime Affairs is responsible for the management, on behalf of the Commission, of the Common Fisheries Policy (CFP) in order to provide the basis for sustainable fisheries within and beyond Community waters, taking into account environmental, economic and social aspects and applying good governance principles”. There exists no clear channel through which this policy complements or hinders the realisation of the White Paper objectives.

## **III.13. Health and Consumer Protection**

### **III.13.1. Public Health**

According to the mission statement of the DG for “Health and Consumer Protection”, “(t)he Commission strives to improve public health in the European Union, to prevent human illness and diseases and to obviate sources of danger to human health.”

Until now, the interface between transport and health policy has been rather limited.

To give one, admittedly far-fetched example, the mutual recognition of social security rights leads to a decrease in the cost of travel, and should thus have an impact on (international) transport demand. A new step in this mutual recognition has been taken with the gradual replacement of the old E111 form with the European health insurance card, whose phase-on has begun on 1 June 2004 (COM(2003) 73 of 17.02.2003). This is certainly in line with the White Paper’s objective to place users at the heart of transport policy. However, as this introduction does not constitute a radical overhaul of the existing system, its impact should be modest.

This will however change in the future. In its Proposal for a Decision “establishing a Programme of Community action in the field of Health and Consumer protection 2007-2013” (COM(2005) 115 final of 06 April 2005), the Commission identifies the following core objectives:

1. Protect citizens from risks and threats which are beyond the control of individuals and that cannot be effectively tackled by individual Member States alone (e.g. health threats, unsafe products, unfair commercial practices).
2. Increase the ability of citizens to take better decisions about their health and consumer interests.
3. Mainstream health and consumer policy objectives across all Community policies in order to put health and consumer issues at the centre of policymaking.

It mentions the following issues where synergies between transport policy on the one hand and health and consumer policies on the other hand can be developed further:

- European Road Safety Action Programme
- Transport of dangerous goods
- Passenger Rights

This is clearly in line with the White Paper.

### **III.13.2. Food safety**

The interface between transport policy and food safety issues is limited to Regulation (EC)178/2002 laying down the General Principles and requirements of Food Law adopted on the 28th of January 2002 . Indeed, as this Regulation requires all foodstuff to be traceable, it implies an increase in administrative costs of trade. However, as this administrative cost seem to be independent of the distance travelled and the mode used, the impact on the realization of the White Paper’s objective is not clear. However, it could lead to a further concentration, certainly in the road haulage sector.

### **III.13.3. Consumer policy**

The general aim of European consumer policy is to ensure that European citizens benefit maximally from the existence of the internal market and play an active role in it (Moussis, 2004, p. 165). Three general policy objectives are stated in the Commission’s Consumer Policy Strategy 2002-2006: a high level of consumer information, effective enforcement of consumer protection rules, and the involvement of consumer organizations in EU policies (COM(2002) 208 final).

#### *III.13.3.1. Road safety*

The recently adopted proposal for a European Parliament and Council Decision creating the Community Programme for Health and Consumer protection 2007-2013 (COM (2005) 515) tackles mainly health issues with regard to the protection against diseases and health threats due to dangerous product. The programme cross-references to the road safety action programme and transport of dangerous goods, supporting the White Paper measures for improving road safety and preventing accidents.

### *III.13.3.2. User rights*

In the Consumer Policy Strategy, transport issues are explicitly mentioned as a field for action to improve customer satisfaction (COM (2002), 208, OJ C137, p. 9). The progress as regards passenger rights in air aviation is judged as considerable. Further improvements are called for in order to extend this progress to other modes of transport. However, no concrete measures are set out in the Consumer Policy Strategy. As these measures are explicitly included in the White Paper, the assessment of their implementation status is covered in the review of the White Paper measures.

### *III.13.3.3. Clean, efficient transport*

According to the European Directive for information on fuel consumption 1999/94/EC, all member states of the EU are required to introduce fuel economy label for cars. The ambition of the directive was to give the car purchasers standardized information about the fuel consumption of a car. The intention is to influence decisions through the improvement of consumer information the labelling. Nearly all of the “old 15” member States complied with the directive: Austria, Belgium, Denmark, Finland, Germany, Greece, Ireland, Italy, Ireland, Luxembourg, the Netherlands, Portugal, Sweden and the United Kingdom. Only France is not reported to abide by the regulations.<sup>24</sup> Sizeable results of the labelling are hard to find. Denmark reports an increasing of the percentage of class A, B and C cars from 1998 to 2002, whereas the percentage of class D, E, F and G is decreasing. The effectiveness of the directive is difficult to be assessed separately, because fiscal measures may have a dominant influence on this development. A study on the effectiveness of the Directive 1999/94/EC comes to the conclusion, that the major facts in vehicle purchase decision are car reliability, safety qualities, comfort and cost/price. The role of fuel consumption is only being seen as an expense factor, not in interrelation to environmental protection<sup>25</sup>.

### *III.13.3.4. General product safety*

Directive 2001/95 on general product safety contains provisions on the responsibility of distributors. According to this Directive, a distributor includes *any* professional in the supply chain whose activity does not affect the safety properties of a product – thus, hauliers are included. This Directive thus increases the costs distributors face, and, as such, could lead to a further concentration, certainly in the road haulage sector.

### *III.13.3.5. Conclusion*

The intentions of the European consumer policy are fully in line with the White Paper objectives. Most progress has been achieved so far on the improvement of passenger rights in aviation as the smallest, however growing passenger transport market. Important incentives for an improvement of quality and thus significant impact on the total transport development could be expected through a better recognition of passenger rights in rail and public transport.

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<sup>24</sup> SAVE PROGRAMME (2003)

<sup>25</sup> ADAC (2004)

### III.14. Information Society and Media

According to the Mission Statement posted on its website, “the Information Society and Media Directorate General supports the development and use of Information and Communication Technologies (ICTs) for the benefit of all citizens”.

Its role is to:

- Support innovation and competitiveness in Europe through excellence in ICT research, development and deployment.
- Define a regulatory environment that will create the conditions for a rapid development of ICT-based and audio-visual services, thus supporting investment, growth and jobs.
- Encourage the widespread availability and accessibility of ICT based services, especially those that have the greatest impact on the quality of life of the citizens.

These objectives are clearly complements to the White Paper’s objectives in the realisation of the Lisbon strategy.

Indeed, the eEurope initiative has as objective to bring every citizen, school and business online. As effective eLearning, eHealth, eBusiness and eGovernment can lead to a decrease in the demand for transport, developing the information society can contribute to the decoupling between economic growth and transport growth advocated by the White Paper.

However, as has been pointed out in the White Paper (p.12), this does not *need* to happen: until now, the information society has not lead to a slow-down in the need to travel.

In Annex IV to the White Paper, explicit reference is made to the eEurope 2002 Action Plan.

A specific website has been dedicated to progress made on e-transport in the framework of eEurope 2002 ([http://europa.eu.int/information\\_society/eeurope/2002/action\\_plan/etransport/index\\_en.htm](http://europa.eu.int/information_society/eeurope/2002/action_plan/etransport/index_en.htm)). Unfortunately, the current status of progress is very unclear.

In COM(2002) 263 final, “eEurope 2005: An information society for all”, the Commission presented an updated action plan in this field (28.05.2002). It was followed by a Mid-term Review (COM(2004) 108), and an updated action plan (COM(2004) 380). None of these document refers to further efforts in the field of intelligent transport systems.

In COM(2004) 757 final “Challenges for the European Information Society beyond 2005”, the Commission aimed “to launch a broad policy debate on an EU Information Society strategy beyond 2005” (19.11.2004). This document does not contain any concrete proposals with respect to the transport sector either.

We have not identified channels through which audiovisual and media policy interferes with the realisation of the White Paper’s objectives.

## **III.15. Internal market and services**

The creation of an internal market is one of the cornerstones of European integration, and has been central to the Treaty of Rome. The aim is to ensure free movement of people, goods, services and capital within the Union.

Since the publication of the White Paper, two important events related to this internal market have taken place that could have an important effect on future transport demand.

### **III.15.1. The Directive Proposal on services**

Although Article 49 of the Treaty establishing the EC prohibits restrictions on the freedom to provide services, many obstacles in this field still exist.

With the Directive Proposal on services in the internal market (SEC(2004) 2 of 05.03.2004), the so-called “Bolkestein directive”, the Commission wishes to “to provide a legal framework that will eliminate the obstacles to the freedom of establishment for service providers and the free movement of services between the Member States”. Just as the White Paper, this Proposal aims to contribute to the realisation of the “Lisbon Process”.

As far as direct effects on the transport sector are concerned, it should be noted that the Proposal does not cover “transport services to the extent that they are regulated by other Community instruments based on Article 71 or Article 80(2) of the Treaty.”(p.15) Moreover, “in the fields covered by the Directive, it does not affect the freedom of the Member States to define what they consider to be services of general interest and how they should function.” (p.15)<sup>26</sup> Practically, this means that all transport services within the scope of the common transport policy, such as urban transport and port services, are excluded.

However, the Directive *does* apply to “to services that are not regulated by specific instruments concerning transport, such as cash in transit or the transport of mortal remains.” (p.30)

At this stage, the future of the Proposal is very unclear. It has been submitted to the European Parliament. In the past months, several MEPs have introduced amendments to the Proposal; some want a thorough revision or even a complete withdrawal. Moreover, concerns with respect to this Directive seem to have played an essential role in the French rejection of the draft Constitution.

However, if the Directive were to be implemented, it would lead to an increase in the international trade in services, and thus also in transport demand. In some cases, such as tourism, this effects is straightforward, but there will also be indirect effects (through the increase in income induced by this Directive ).

The specific problems related to the liberalisation of rail and air transport have already been covered in Section III.6.

### **III.15.2. EU enlargement**

With the 2004 enlargement, the EU has known its largest expansion so far, from 15 to 25 Member States.

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<sup>26</sup> Recent Communications of the Commission on the subject of “Services of General Interest” include COM(2000)580 and COM(2001)598.

According to economic theory, economic integration should lead to higher transport volumes, directly through the impact on trade volumes, but also indirectly through higher living standards.

As far as the new Member States are concerned, the impact on transport volumes is discussed in detail in Annex XIX. The predicted boost in income appears to be corroborated by the facts. Indeed, according to EU figures, last year's economic growth in the new Member States has been spectacular (5%) – for 2005, economists forecast 4% (<http://europa.eu.int/enlargement/memo.en.htm>).

However, the impact of (future) enlargement on economic growth in the new MS has been felt long before actual enlargement took place. Indeed, in order to obtain membership, candidates have had to completely overhaul their existing institutional framework (see Annex XIX). As it is sometimes argued that the quality of a country's institutions is one of the main determinants of economic growth, it is possible that these changes have had a more important impact on economic performance than membership itself (Rodrik and Subramanian (2003)). Also, as far as the impact of accession on trade is concerned, figures provided by Subacchi (2004, p. 11) show that the main impact on trade openness has been felt in the years *leading* to accession.

However, as pointed out by Subacchi (2004), these figures should be put in perspective. Despite their higher economic dynamism, “the EU10 currently account for only 5% of the nominal GDP of the enlarged EU”. Thus, notwithstanding important *changes*, actual *levels* of economic activity (and thus also of transport demand) remain very modest compared to the EU15. This suggests that the impact on transport activity within EU15 should be limited, except for the bottlenecks at the borders between EU15 and EU10.

What about the more distant future?

In a recent paper, Caetano and Galego (2005) conclude that there is still scope for further expansion of trade flows between EU10 and some EU15 countries, but even more among the EU10 countries. They also conclude that “for total trade and most sectors intra-industry trade dominates”. This last point is particularly important.

Indeed, according to Vickerman (2003), “(i)ntra-industry trade is associated with increasing product differentiation, which is driven in part by increasing preferences for product variety with increasing income levels and in part by the increasing incidence of imperfect competition in markets. In order to exploit scale economies, firms need larger markets than provided by the home markets of most EU member states and hence we expect to see increasing trade in similar products. This involves, in effect, substantial cross-hauling of goods and hence an increase in the transport content of consumption.” Vickerman actually argues that this greater preference for variety might at least partially explain why transport, and especially freight transport, has been growing faster than GDP since the mid-80s.

From Caetano and Galego (2005) on the one hand, and Vickerman (2003) on the other hand, we must thus conclude that the ratio “transport demand/GDP” is likely to increase in EU10 countries, and that the decoupling advocated by the White Paper is unlikely to occur without further measures.

## III.16. Justice, Freedom and Security

### III.16.1. Freedom

The creation of an area without internal frontiers is one of the central objectives of the EU Treaty. It is clear that, in general, abolishing constraints on international mobility will lead to an increase in transport demand. As far as the mobility of persons is concerned, most crucial steps have been taken long before the publication of the White Paper:

- the right to move and reside freely within the territory of the Member States is recognized in Article 18 of the EC Treaty
- the Schengen agreement abolishing internal border checks was signed in 1990

EU enlargement in 2004 was an important challenge for this approach. In November 2004, EU government leaders reaffirmed their commitment to existing policies by adopting the “Hague Programme” which states that “freedom, justice, control at the EU’s external borders, internal security and the prevention of terrorism should henceforth be considered indivisible within the Union as a whole” (see [http://europa.eu.int/pol/justice/overview\\_en.htm](http://europa.eu.int/pol/justice/overview_en.htm)).

In COM(2005)184 final, the Commission re-affirmed that, following enlargement, a complete abolishment of controls of persons at internal borders should be a priority. Clearly, this leads to a further decrease in the cost of travelling abroad, and should lead to an, admittedly very small, increase in the demand for the transport. This is certainly in line with the White Paper’s objective to place users at the heart of transport policy.

### III.16.2. Overview of security policy

As a consequence of the attacks on 11 September 2001 it has been decided to introduce an EU security policy based on the legal instruments provided by the Treaty in order to give legal force to the rules and mechanisms for cooperation at EU level. An assessment of the Tampere programme concerning the area of freedom, justice and security presented by the European Commission in 2004 emphasizes that “*European integration in this area is based on a rigorous concept of the protection of fundamental rights, and the Commission has always been at pains to ensure balance between the freedom, security and justice aspects. In addition, the Union must guarantee a high level of security so that the freedoms can be exercised to the full.*” (COM(2004) 4002, p. 4). The main lines of action for implementation in the fight against terrorism have been identified by the European Council in 2004 by means of improving international co-operation which have to be implemented under the European Security Strategy.

The assaults on New York / Washington in 2001 by means of aircrafts and on the railway passengers in Madrid in 2004 have underlined the vulnerability of transport systems in the case of terrorist attacks. Specific legislation has been implemented on the European level for aviation and maritime transport. In the case of public transport, the Commission is engaged in consultations with relevant actors such as the UITP, UIC and COLPOFER.

A second important aspect of European security policy with relevance to transport tackles the prevention of serious crimes which have a cross-border aspect, e.g. financial crime and trafficking in human beings.

The role of DG TREN in security policy is to propose legislation, implement inspection programs and allocate funds for research.

### *III.16.2.1. Air transport*

The most fundamental action to enforce air security was the establishing of an Aviation Security Regulatory Committee (AVSEC Committee) within Regulation 2320/2002. Moreover the regulation, which is mandatory since January 19, 2003, contains the subjects

- Airport Security, including access control and 100 % staff screening
- Aircraft Security, including aircraft inspections and protection of aircraft when in and out of service
- Passenger and Cabin Baggage Screening
- Hold Baggage Screening and Protection
- Cargo, Courier and Express Parcels, including detailed rules on handling, screening and protection of cargo
- Company Mail and Materials
- Public Mail
- Air Carrier Catering, Stores and Supplies
- Air Carrier Cleaning, Stores and Supplies
- General Aviation
- Staff Recruitment and Training
- Equipment Standards

The standards stated here are obligatory to the commercial airports of all Member States.

Further legislative measures regarding aviation security are:<sup>27</sup>

Commission Regulation (EC) No 622/2003 laying down measures for the implementation of the common basic standards on aviation security

EU Regulation 622/2003 was developed in the Regulatory Committee and contains the operations standards needed to ensure harmonized implementation of standards set forth in Regulation 2320/2002. The implementing Regulation 622/2003 as well as all subsequent implementing Regulations are developed in the Regulatory Committee.

Commission Regulation (EC) No 1217/2003 laying down common specifications for national civil aviation security quality control programme

Regulation 2320/2002 requires establishment of National Aviation Security Programmes and National Quality Control Programmes needed to ensure proper implementation of Community and National standards. Implementing Regulation 1217/2003 was adopted and contains therefore detailed requirements on how a Member State shall effectively monitor proper implementation of Community and National aviation security standards.

Commission Regulation (EC) No 1486/2003 laying down procedures for conducting Commission inspections in the field of civil aviation security

EU Regulation 2320/2002 requires that Commission shall undertake monitoring of application of Regulations 2320/2002 and all its implementing regulations as of July 19, 2003. Regulation 1486/2003 sets forth the standards under which the Commission shall undertake its inspections of Member States application of Community standards

<sup>27</sup> [http://europa.eu.int/comm/dgs/energy\\_transport/security/aviation/background\\_en.htm](http://europa.eu.int/comm/dgs/energy_transport/security/aviation/background_en.htm)

Regulation (EC) No 849/2004 of the European Parliament and of the Council amending Regulation (EC) No 2320/2002 establishing common rules in the field of civil aviation security

Regulation 849/2004 amended the Regulation 2320/2002 in areas where clarification and necessary corrections were needed.

Commission Regulation (EC) No 68/2004 amending Commission Regulation (EC) No 622/2003 laying down measures for the implementation of the common basic standards on aviation security

Regulation 68/2004 and 1138/2004 provided additional implementing

Commission Regulation (EC) No 1138/2004 establishing a common definition of critical parts of security restricted areas at airports details and conformed with requirements set in Regulation 2320/2002. The work of the Aviation Security Regulatory Committee will continue to ensure that EU regulations meet the objectives and provide the necessary protection to civil aviation in the Community as well as incorporate international developments in the field.

Council Regulation (EEC) No 3922/91 on the harmonization of technical requirements and administrative procedures in the field of civil aviation

### *III.16.2.2. Sea transport*

The maritime security policy of the Commission revolves on three protection levels: a maritime aspect, the port aspect and an intermodal aspect<sup>28</sup>.

With respect to the maritime aspects, a Communication has been published in 2003 and Regulation 725/2004 has been adopted for the establishment of a Maritime Security Regulatory Committee (MARSEC Committee)<sup>29</sup> needed to ensure technical adoption of the Annex to this regulation and the development of necessary implementation tools. The port aspect is covered by a proposal for a Directive (COM(2004) 393) which is currently under discussion in the Parliament. In this proposal, several measures aiming at harmonizing and monitoring the implementation of security measures in ports throughout Europe as well as institutional and training measures are included. The intermodal aspect shall be addressed with new a Directive which has been announced for 2005.

### *III.16.2.3. Conclusion*

Due to external developments the issue of safety policy has been raised up high on the political agenda since 2001. Since then, several measures have been taken in particular in the aviation and partly in the maritime sector. Security issues have only been briefly mentioned in the White Paper in connection with the quality of public transport and the security of the energy supply. Therefore, security policy does not directly contribute to the implementation of White Paper measures. Nonetheless, a general contradiction to the achievement of its objectives cannot be stated as well.

Some negative impacts on transport costs and travel times can be expected due to additional efforts necessary for security measures. On the other hand, an absence of measures protecting against terrorist attacks and preventing crime in international transport would significantly reduce the quality and acceptance of transport services. Therefore, starting from the hypothesis that security threats have to be taken as given, the potential impact on the transport sector development has been rated as very low to low, but in a positive direction.

<sup>28</sup> See [http://europa.eu.int/comm/transport/maritime/security/doc/com\\_2003\\_0229\\_en.pdf](http://europa.eu.int/comm/transport/maritime/security/doc/com_2003_0229_en.pdf)

<sup>29</sup> See [http://europa.eu.int/eur-lex/pri/en/oj/dat/2004/l\\_129/l\\_12920040429en00060091.pdf](http://europa.eu.int/eur-lex/pri/en/oj/dat/2004/l_129/l_12920040429en00060091.pdf)

## III.17. Regional Policy

The aim of EU regional policy is the “reduction of existing regional disparities and the prevention of further regional imbalances” (Moussis, p.211). Thus, there is a double aim: to transfer resources to poorer regions and to halt the expansion of congested ones (Moussis, p.213).

The link with the White Paper is straightforward. Indeed, the Structural Funds were created to “support programmes of common interest called Community initiatives” (Moussis, p.227).

According to Article 160 of the TEC, the “European Regional Development Fund is intended to help to redress the main regional imbalances in the Community through participation in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions.” According to Article 161 of the TEC, a “Cohesion Fund (...) shall provide a financial contribution to projects in the fields of environment and *trans-European networks* in the area of *transport* infrastructure.” (emphasis added).

The European Regional Development Fund (ERDF) had been created in 1975; financing investment infrastructure is one of its tasks (Moussis, p. 226). During the 1999 reform of the Structural Funds, “an Instrument for Structural Policies for Pre-accession (ISPA) was established to contribute to the preparation for accession to the European Union of ten applicant countries in the area of economic and social cohesion, concerning environmental measures and *transport* infrastructure”(Moussis, p.219, emphasis added).

Concrete figures can be found on the website of DG Regional Policy ([http://europa.eu.int/comm/regional\\_policy/themes/transport\\_en.htm](http://europa.eu.int/comm/regional_policy/themes/transport_en.htm)):

- under development strategies prepared by the States and regions: during the previous financing period (1994/1999), around € 15 billion in ERDF funds were spent on developing transport in Europe;
- the Cohesion Fund: from 1994 to 1999, € 8 billion were invested in transport projects in the Union's least developed countries.
- ISPA allocates about half its funds for transport projects.

Note that, as far as the Cohesion Fund is concerned, a trade-off can exist between allocating funds to transport projects and allocating funds to environmental projects.

On 05 July 2005, the Commission published COM(2005) 0299 “Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007-2013”. Expanding and improving transport infrastructure is recognized as one of the priority areas (pp. 14-16). The recommendations and priorities listed are perfectly in line with the White Paper (which is being referred to explicitly).

## III.18. Research (including JRC)

Research policy is covered by Title XVIII of the TEC.

More specifically, Article 163 states that the “Community shall have the objective of strengthening the scientific and technological bases of Community industry and encouraging it to become more competitive at international level, while promoting all the research activities deemed necessary by virtue of other chapters of this Treaty.” To this end, “the Community shall, throughout the Community, encourage undertakings, including small and medium-sized undertakings, research centres and universities in their research and technological development activities of high quality; it shall support their efforts to cooperate with one another, aiming, notably, at enabling undertakings to exploit the internal market potential to the full, in particular through the opening-up of national public contracts, the definition of common standards and the removal of legal and fiscal obstacles to that cooperation.”

According to Article 164, the role of the Community consists in the following activities, *complementing* the activities carried out in the Member States:

- (a) implementation of research, technological development and demonstration programmes, by promoting cooperation with and between undertakings, research centres and universities;
- (b) promotion of cooperation in the field of Community research, technological development and demonstration with third countries and international organisations;
- (c) dissemination and optimisation of the results of activities in Community research, technological development and demonstration;
- (d) stimulation of the training and mobility of researchers in the Community.

We shall discuss in Section III.20.2 how the EU research policy supports research at the interface between energy and transport policy – we refer to that Section for more details. Agricultural research with transport implications has been discussed in Section III.5.5.

Every five years, a multi-annual research and technological framework programme is adopted by the Council (Articles 166-170). We shall limit our discussion here to the most important developments that have taken place since the launch of the 6<sup>th</sup> Framework Programme. First, we shall discuss the most important innovations introduced by this Framework Programme and how the thematic priorities identified in that programme interact with the objectives of the White Paper. Next, we shall have a look at the modifications proposed in 2004, followed by an in-depth discussion of the technology platforms that have transport relevance. We then move on with a presentation of the proposal relating to the 7<sup>th</sup> Framework Programme. The budgetary aspects are discussed in a separate section. Finally, two sections are dedicated to the R&D efforts with transport relevance undertaken by the private sector.

### III.18.1. The Sixth Framework Programme

The 2002 Barcelona European Council agreed “that overall spending on R&D and innovation in the Union should be increased with the aim of approaching 3% of GDP by 2010. Two-thirds of this new investment should come from the private sector”.<sup>30</sup> It also called the Council and the European Parliament to adopt the 6<sup>th</sup> Research Framework Programme (FP6) and its legal instruments by June 2002.

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<sup>30</sup> Presidency Conclusions, Barcelona European Council, 15 And 16 March 2002

In June 2002, Decision No 1513/2002 launched the 6<sup>th</sup> Framework Programme, covering the period 2002-2006 and contributing to the creation of the European Research Area (ERA). This Framework Programme introduces new instruments with either integrating effects or structuring effects. It also introduces thematic priorities for the ERA. This Framework Programme explicitly set itself the objective of contributing to the Lisbon process on the one hand, and to the sustainable development strategy defined in Göteborg on the other hand.

The following fields constitute thematic priorities for the ERA:

- Life sciences, genomics and biotechnology for health
- Information society technologies
- Nanotechnologies, intelligent materials, new production processes
- Aeronautics and space
- Food safety and risks to health
- Sustainable development, global change and ecosystems
- Citizens and governance in a knowledge-based society

Several of these thematic priorities have immediate links with transport policy:

- *Information society technologies*: One of the focus points consists in “large-scale distributed systems and platforms (...) that provide effective solutions to complex problems in areas such as (...) transport”.
- *Nanotechnologies, intelligent materials, new production processes*: “Where materials are concerned, the aim is to develop intelligent materials which are expected to add considerable value in terms of applications in sectors such as transport, energy (...)”.
- *Aeronautics*: “Community aeronautical research activities including air transport systems will address research and technological development activities necessary in order to:
  - (a) increase the competitiveness of the European industry with regard to civil aircraft, engines and equipment;
  - (b) reduce the environmental impact of aviation, by reducing fuel consumption, CO<sub>2</sub>, NO<sub>x</sub> and other chemical pollutants and noise pollution;
  - (c) increase aircraft safety in the context of the substantial rise in air traffic;
  - (d) increase the capacity and safety of the air transport system, in support of a "Single European Sky" (air traffic control and management systems).”
- *Space*: “Community space activities carried out in close coordination with the European Space Agency (ESA), the other space agencies, research centres and industry, in order to strengthen the coherence of the very major investment involved, will address:
  - (a) research on satellite-based information systems and services relevant for the Galileo satellite navigation project;
  - (b) research on satellite-based systems relevant for the global monitoring for environment and security (GMES) platform, taking into account the needs of users;
  - (c) advanced research needed to integrate the space segment and the Earth segment in the field of communications.”

- *Sustainable development, global change and ecosystems*: Energy and transport (especially the urban and regional development aspects of these sectors) are identified as sectors of strategic importance. This section in the Decision contains explicit references to the White Paper and to the Green Paper on the security of energy supply.

Alternative motor fuels and fuel cells are part of the activities the research in the field of sustainable energy systems will focus on.

With respect to sustainable surface transport, the following actions were envisaged:

“(a) Developing environmentally friendly, safe and competitive transport systems and means of transport of passengers and freight, and clean urban transport with rational use of the car in the city:

- (i) new technologies and concepts for surface transport, including novel propulsion systems and integration of fuel cells for transport purposes;
- (ii) advanced design and production techniques leading to improved quality, safety, recyclability, comfort and cost-effectiveness;
- (b) making rail and maritime transport more effective and more competitive, addressing the interoperability of transport modes, and assuring intelligent and safe transport of passengers and freight:
  - (i) rebalancing and integrating different modes, in particular in the urban and regional context, including new mobility management and transport logistics systems making rail and maritime transport more effective (for example, by means of promoting intermodality and interoperability);
  - (ii) increasing safety, and avoiding traffic congestion (in particular in urban areas), through the integration of innovative electronics and software solutions and by means of the use of advanced satellite navigation systems and telematics solutions.”

Moreover, transport and energy are also part of the areas to be supported in the field of policy-oriented research<sup>31</sup>. Research priorities are:

- The development of tools, indicators and operational parameters for assessing sustainable transport and energy systems performance
- Global safety analysis and validation systems for transport and research relating to accident risks and safety in mobility systems

The general approach taken in the 6<sup>th</sup> Framework Programme is thus clearly in line with what had been proposed in the White Paper.

### **III.18.2. The 2004 Guidelines**

In its Communication “Science and technology, the key to Europe's future - Guidelines for future European Union policy to support research”<sup>32</sup>, which served as basis for the Seventh Research Framework Programme, the Commission reminded that in the new financial framework, the budget for R&D should be doubled.

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<sup>31</sup> See Section 1.2.1.A in Annex I of Decision No 1513/2002.

<sup>32</sup> COM(2004) 353 final, 16.6.2004

This Communication asks for the European Union efforts to be focused on key topics, and to give particular attention to topics that are related to the Union's policies – *transport is explicitly included* in the list. It also announces that one of the focus areas in the “European space programme” would be the Galileo programme. As has been emphasized in the White Paper, the Galileo project can certainly contribute to several objectives in the field of transport.

The Communication proposes to organize the Union's activities around six objectives:

- ◆ Creating European centres of excellence through collaboration between laboratories
- ◆ Launching European technological initiatives
- ◆ Stimulating the creativity of basic research through competition between teams at European level
- ◆ Making Europe more attractive to the best researchers
- ◆ Developing research infrastructures of European interest
- ◆ Improving the coordination of national research programmes

The second objective can be implemented through the establishment of European “technology platforms”.

*Technology platforms* can be set up at the initiative of the Commission and industry, and “bring together companies, research institutions, the financial world and regulatory authorities at European level to define a common research agenda which should mobilise a critical mass of - national and European – public and private resources.” Transport, and more in particular aeronautics, is mentioned as one of the possible areas of application.

Technology platforms with *direct transport relevance* have been set up in the following areas<sup>33</sup>:

- ◆ The European Hydrogen and Fuel Cell Technology Platform (HFP)
- ◆ ENIAC - European Nanoelectronics Initiative Advisory Council
- ◆ ERTRAC European Road Transport Research Advisory Council
- ◆ ERRAC European Rail Research Advisory Council
- ◆ WATERBORNE Technology Platform (Supported by ACMARE Advisory Council).
- ◆ Embedded Systems (ARTEMIS)
- ◆ ACARE - Advisory Council for Aeronautics Research in Europe
- ◆ The European Space Technology Platform (ESTP)

The key deliverable of such a platform is the Strategic Research Agenda (SRA), which “should set out research and development priorities for the long term, including measures for enhancing networks and clustering of the RTD capacity and resources in Europe”<sup>34</sup>. Such a Strategic Research Agenda “is likely to involve support from a range of sources, including the Framework Programme, other sources of European funding, national research programmes, industry funding and third-party private finance.”<sup>35</sup>

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<sup>33</sup> <http://www.cordis.lu/technology-platforms/summaries.htm>

<sup>34</sup> SEC(2005) 800, 10.06.2005, p.5.

<sup>35</sup> SEC(2005) 800, 10.06.2005, p.6.

### **III.18.3. Detailed discussion of some technology platforms**

Let us now have a closer look at some of these technology platforms.

The **European Hydrogen and Fuel Cell Technology Platform** sets itself as objective to facilitate and accelerate “the development and deployment of cost-competitive, world class European hydrogen and fuel cell based energy systems and component technologies for applications in *transport*, stationary and portable power”<sup>36</sup> (emphasis added). It was established on recommendation by the European Commission's High Level Group (HLG) on Hydrogen and Fuel Cells which was formally launched in October 2002. Its SRA was published in July 2005. According to the SRA, transport remains the single most important application for hydrogen and fuel cell technologies. The SRA recommends a budget share of 27 %.

The **European Road Transport Research Advisory Council**<sup>37</sup> has structured its Strategic Research Agenda around four pillars<sup>38</sup>:

- Mobility, transport and infrastructure
- Safety and security
- Environment, energy and resources
- Design and production systems

In the field of *mobility and transport*, the following research targets are mentioned<sup>39</sup>:

- Provide the necessary solutions to improve mobility and satisfy the expected 32% increase in individual demand for travel by 2020.
- Enable fluid and efficient movement of an increasing quantity of goods within the overall freight transport system.
- In order that quantifiable targets can be set in the future, a series of robust indicators such as transport efficiency for passengers and freight, journey time reliability, user service levels and network efficiency need to be developed. These measures, coupled with greater information provision, can allow appropriate choices to be made.
- Full compatibility of Member States' data and models relating to societal trends and behaviours is necessary. Development and full integration of mobility forecast models into local and regional network management plans must also be achieved.
- Increase network efficiency through reductions in the impact of maintenance activities, prioritised road space and traffic management

In the field of *safety and security*, the targets explicitly refer to the White Paper's objective to reduce the number of fatalities<sup>40</sup>:

- New research solutions could contribute up to 30% of this reduction. Accident prevention could contribute 55-65% and accident mitigation could contribute 35-45% of the reduction target.
- Member states should all achieve an equally low accident rate.
- Member States should achieve full compatibility of accident research databases and methodologies.

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<sup>36</sup> <https://www.hfpeurope.org/>

<sup>37</sup> <http://www.ertrac.org/>

<sup>38</sup> ERTRAC, Strategic Research Agenda Overview, October 2004.

<sup>39</sup> ERTRAC, Strategic Research Agenda Overview, p.6.

<sup>40</sup> ERTRAC, Strategic Research Agenda Overview, p.10.

- Research should ensure that new fuels, which represent unique challenges, will be handled with the same high level of safety as today's fuels.
- In an enlarged Europe, the security of people and goods in transit will improve over the levels of 2000. Research on improved communication, security networks and tracking technologies will ensure this goal.

In the fields of *environment, energy and resources*, the key targets are<sup>41</sup>:

- Improvements in vehicle efficiency will deliver as much as a 40% reduction in CO2 emissions for passenger cars and 10% for heavy duty vehicles for the new vehicle fleet in 2020.
- Good vehicle maintenance and driving for fuel efficiency will reduce fuel consumption and CO2 emissions by at least 10% for cars<sup>9</sup> and 5% for heavy duty vehicles<sup>10</sup>.
- Improvements to the road transport infrastructure, best use of transport modes, information technology systems, higher passenger car occupancy rates and freight loading factors will contribute to further reductions in fuel consumption by 10-20%.
- Further reductions of carbon emissions associated with fuel production will be achieved.
- By 2020, fuel cell vehicles and low carbon / hydrogen fuels will begin contributing to carbon reduction provided sustained research efforts are begun now.
- By 2020, Euro-5 & 6 emissions standard vehicles will be well established in the vehicle fleet. The research target is to achieve these near zero emissions levels at minimum cost while still improving energy consumption and CO2 emissions.
- Transport noise will be reduced by up to 10 dB(A) through a systems approach including better indicators and improvements to vehicles, tyres and infrastructure.
- Sustainable use of resources and recycling of vehicles and road infrastructure materials will also contribute to the preservation of the environment.

The targets in the fields of *design and production system* do not interfere in any direct way with the objectives of the White Paper.

The **European Rail Research Advisory Council** was set up in 2001 “with the ambitious goal of creating a single European body with both the competence and capability to help revitalise the European rail sector and make it more competitive, by fostering increased innovation and guiding research efforts at European level”.<sup>42</sup>

It unveiled its Strategic Rail Research Agenda (SRRA) to the railway community in December 2002. The strategic targets were<sup>43</sup>.

- Seamless passenger services
- Door to door freight services
- Integrated mass transit services
- Modular interoperable rolling stocks
- Intelligent Mobility
- Fully interoperable infrastructure
- Environment and sustainability

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<sup>41</sup> ERTRAC, Strategic Research Agenda Overview, p.15.

<sup>42</sup> <http://www.errac.org/>

<sup>43</sup> [http://www.errac.org/docs/ERRAC\\_SRRA\\_Official.pdf](http://www.errac.org/docs/ERRAC_SRRA_Official.pdf), p.5.

These objectives are clearly in line with the objectives set by the White Paper. Moreover, the SRRA explicitly assumes that the measures proposed in the White Paper will fully be implemented<sup>44</sup>.

The **WATERBORNE Technology Platform** was launched in January 2005. Its term of reference explicitly refer to the White Paper. However, as the Strategic Research Agenda is not to be completed before 30 November 2005, it is not possible to say how it will interact with the objectives of the White Paper<sup>45</sup>.

ARTEMIS, the **Advanced Research and Development on Embedded Intelligent Systems** intends a detailed Strategic Research Agenda by the end of 2005<sup>46</sup>. The draft presented in June 2005<sup>47</sup> sets itself the following objectives in the automotive sector:

- To reduce fuel consumption and pollution, the target is set on the “near-zero emission” car.
- To reduce road fatalities, the “100% safe” car is envisioned, where neither the driver nor the vehicle is the cause of any incident.

With respect to air transport, the objective is a “customisable, time efficient safe air transport”. In the field of public infrastructure, embedded systems could improve mobility, both of people and of goods, through fast, efficient, safe and accessible public transport

ACARE, the **Advisory Council for Aeronautics Research in Europe**, published its first Strategic Research Agenda in October 2002. It identified 4 “challenge areas”, followed by specific goals<sup>48</sup>:

- *Quality and Affordability*: Reducing travel charges, Increasing passenger choice, Creating a competitive supply chain able to halve time-to-market, Transforming air freight services
- *Environment*: To reduce fuel consumption and CO<sub>2</sub> emissions by 50%; To reduce perceived external noise by 50%; To reduce NO<sub>x</sub> by 80%; To make substantial progress in reducing the environmental impact of the manufacture, maintenance and disposal of aircraft and related products
- *Safety*: Reduction of the accident rate by 80%; Reduction in human error and its consequences
- *Air Transport System efficiency*: To enable the Air Transport System to accommodate 3 times more aircraft movements by 2020 compared with 2000; To reduce the time spent by passengers in airports to under 15 minutes for short-haul flights and to under 30 minutes for longhaul; To enable 99% of flights to arrive and depart within 15 minutes of their advertised scheduled departure time, in all weather conditions
- *Security*: Zero successful hijack.

A new Strategic Research Agenda was published in October 2004<sup>49</sup>.

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<sup>44</sup> [http://www.errac.org/docs/ERRAC\\_SRRA\\_Official.pdf](http://www.errac.org/docs/ERRAC_SRRA_Official.pdf), p.9

<sup>45</sup> <http://www.waterborne-tp.org/>

<sup>46</sup> <http://www.cordis.lu/ist/artemis/>

<sup>47</sup> [ftp://ftp.cordis.lu/pub/ist/docs/artemis/june\\_sra.pdf](ftp://ftp.cordis.lu/pub/ist/docs/artemis/june_sra.pdf)

<sup>48</sup> <http://www.acare4europe.com/docs/ASD-volume1-2nd-final-ss%20illus-171104-out-asd.pdf>, p15-16.

<sup>49</sup> <http://www.acare4europe.com/docs/ASD-exec%20sum-2nd-final-171104-out-asd.pdf>

### **III.18.4. The Seventh Framework Programme**

In its COM(2005)119 of 06 April 2005, the Commission introduced a Proposal for a Decision concerning the 7th framework programme.

Transport is a recurring theme throughout the Proposal.

One of the central objectives of 7<sup>th</sup> Framework Programme would be to support “the whole range of re-search actions carried out in transnational cooperation in the following thematic areas:

- (a) Health;
- (b) Food, Agriculture and Biotechnology;
- (c) Information and Communication Technologies;
- (d) Nanosciences, Nanotechnologies, Materials and new Production Technologies;
- (e) Energy;
- (f) Environment (including Climate Change);
- (g) Transport (including Aeronautics);
- (h) Socio-economic Sciences and Humanities;
- (i) Security and Space.”

These themes “include research needed to underpin the formulation, implementation and assessment of EU policies”.

The main objective for transport is stated as follows (p.29):

“Based on technological advances, develop integrated, “greener” and “smarter” pan-European transport systems for the benefit of the citizen and society, respecting the environment and natu-ral resources; and securing and further developing the leading role attained by the European in-dustries in the global market.”

The following activities are mentioned (pp. 30-31):

- The greening of air transport: reduction of emissions and noise disturbance, incorporating work on engines and alternative fuels, structures and new aircraft designs, airport operations and traffic management.
- Increasing time efficiency: improvement of the efficiency of operating schedules focusing on in-novative air traffic management systems in line with the effective implementation of Single Sky policy which integrate air, ground and space components, including traffic flow and more aircraft autonomy.
- Ensuring customer satisfaction and safety: improvement of passenger comfort, innovative in-flight services and more efficient passenger handling; improvement of all safety aspects of air transport; wider choice of aircraft ranging from wide body to small size vehicles.
- Improving cost efficiency: reduction of costs associated with product development, manufactur-ing and operating costs focusing on zero maintenance aircraft, increased use of automation and simulation.
- Protection of aircraft and passengers: enhancement of protection measures for the traveller, crew, aircraft and air transport system such as improved data and identification methods, protecting the aircraft against attack, auto recovery and improved security design of aircraft.

- Pioneering the air transport of the future: addressing the longer term challenges of aviation with more radical, environmentally efficient and innovative combinations of technologies which would lead to significant steps forward in air transport.
- The greening of surface transport: reduction of environmental and noise pollution; development of clean and efficient engines, including hybrid technology and the use of alternative fuels for transport applications; end of life strategies for vehicles and vessels.
- Encouraging modal shift and decongesting transport corridors: development of innovative, intermodal and interoperable regional and national transport networks, infrastructures and systems in Europe; cost internalisation; information exchange between vehicle/vessel and transport infrastructure; optimisation of infrastructure capacity.
- Ensuring sustainable urban mobility: innovative organisation schemes, including clean and safe vehicles and non-polluting means of transport, new public transportation modes and rationalisation of private transport, communication infrastructure, integrated town planning and transport.
- Improving safety and security: as inherent to the transport system, in transport operations for drivers, passengers, crew, cyclists and pedestrians, in the design of vehicles, vessels, and within the total transport system.
- Strengthening competitiveness: improvement of design processes; development of advanced power-train and vehicle technologies; innovative and cost-effective production systems and infrastructure construction; integrative architectures.
- Support to the European global satellite navigation system (Galileo): precise navigation and timing services for use in a range of sectors; efficient use of satellite navigation and support to the definition of second generation technologies.

Moreover, there are several points of interactions between the other themes and transport:

ICT	<ul style="list-style-type: none"> <li>• modernising services in domains of public interest such as (...) energy, transport and the environment</li> <li>• intelligent ICT-based transportation systems and vehicles enabling people and goods to move safely, comfortably and efficiently</li> </ul>
Nanosciences, Nanotechnologies, Materials and new Production Technologies	Integrating new knowledge and technologies on nano, materials and production in sectoral and cross sectoral applications such as (...) transport, energy (...) environment
Energy	<ul style="list-style-type: none"> <li>• hydrogen and fuel cells</li> <li>• renewable fuel production</li> </ul>
Security and space	analysing and securing existing and future public and private critical/networked infrastructure (e.g. in transport, energy, ICT)

Transport is also cited amongst the JRC's priorities (p. 46).

The Proposal also introduces several initiatives in order to facilitate trans-national cooperation. One of the instruments that are discussed are Joint Technology Initiatives:

“In a limited number of cases, the scope of a RTD objective and the scale of the resources involved justify setting up long term public private partnerships in the form of Joint Technology Initiatives. These initiatives, mainly resulting from the work of European Technology Platforms and covering one or a small number of selected aspects of research in their field, will combine private sector investment and national and European public funding, including grant funding from the Research Framework Programme and loan finance from the European Investment Bank.”

The Commission subsequently published a report setting out “the preparatory work carried out in relation to Joint Technology Initiatives and European Technology Platforms”<sup>50</sup>. This report has identified six areas where such initiatives could be of particular relevance, four of which have direct relevance for transport (emphasis added):

- *hydrogen and fuel cells*
- *aeronautics and air transport* (where two JTI are envisaged: one addressing “green” and cost efficient aircraft, the other in the field of air traffic management in support of the Single European Sky and SES-AME<sup>51</sup> initiatives)
- *innovative medicines*
- *nanoelectronics technologies 2020*
- *embedded computing systems*
- *global monitoring for environment and security*

### **III.18.5. Budgetary aspects**

According to Decision 786/2004 amending Decision 1513/2002, Article 11, “The maximum overall amount for Community financial participation in the entire sixth framework programme shall be EUR 17 883 million.” According to the breakdown in Annex II, 1,182 million € is foreseen for “Aeronautics and space” and 670 million € for “sustainable surface transport”.

The figures below show the relative importance of thematic priorities with transport implications within the *yearly* Research Budget (according to the draft general budget 2006<sup>52</sup>):

Heading	Appropriations 2006		Appropriations 2006	
	Commitments	Payments	Commitments	Payments
Nanotechnologies, intelligent materials, new production processes and devices	383 194 000	261 050 000	353 300 000	227 000 000
Aeronautics	222 076 000	127 890 000	203 900 000	67 000 000
Sustainable development, global change and ecosystems	450 593 000	245 050 000	421 000 000	209 800 000
<b>Total</b>	<b>3 506 254 295</b>	<b>2 999 380 015</b>	<b>3 299 806 859</b>	<b>2 525 683 109</b>

<sup>50</sup> SEC(2005) 800, 10.06.2005, p.3.

<sup>51</sup> Single European Sky ATM Modernisation Programme

<sup>52</sup> [http://europa.eu.int/eur-lex/budget/data/P2006\\_VOL4/EN/index.html](http://europa.eu.int/eur-lex/budget/data/P2006_VOL4/EN/index.html)

The budget for “Sustainable development, global change and ecosystems” is further split up according to the following criteria:

Heading	Appropriations 2006		Appropriations 2006	
	Commitments	Payments	Commitments	Payments
Sustainable energy systems	114 606 000	56 550 000	110 000 000	38 800 000
Sustainable surface transport	125 957 000	87 000 000	120 900 000	60 000 000
Global change and ecosystems	210 030 000	101 500 000	190 100 000	111 000 000

DG TREN also manages a specific research programme, whose relative importance can be seen from the following table (again, taken from the draft general budget 2006):

Heading	Appropriations 2006		Appropriations 2006	
	Commitments	Payments	Commitments	Payments
Research related to energy and transport	210 523 000	165 130 000	229 000 000	208 200 000
Total	1 444 567 153	1 266 975 163	1 413 454 186	1 346 214 986

DG TREN shares responsibility with DG RTD in the following programs<sup>53</sup>:

- Aeronautics & space (Priority 4): ATM, airports and Galileo
- Sustainable energy systems (Priority 6.1): short and medium term research
- Sustainable Surface Transport (Priority 6.2): Part A – Research to support the European Transport Policy
- Policy Oriented Research (Priority 8): Tools and indicators, security

The budget breakdown for the 7<sup>th</sup> Framework Programme foresees 5,940 million € for transport (including aeronautics) for seven years out of a total EC budget of 72,726 million €. <sup>54</sup>

### **III.18.6. EU Industrial R&D Investment Scoreboard**

Recent initiatives taken by the Commission allow us to have a better view on transport R&D undertaken by the private sector.

Indeed, following the 2002 Barcelona European Council, the Commission elaborated a “3% Action Plan”<sup>55</sup>. One of the key elements in this plan is “an industrial research monitoring activity, including a score-board, to analyse trends and facilitate benchmarking of research investment and research management practices between firms, building on experience in Member States”.

In 2004, this resulted in the first *EU Industrial R&D Investment Scoreboard*<sup>56</sup>, which was the result of a close collaboration between the JRC and DG Research (DG-RTD).

According to the Foreword to this document, it is “a pilot exercise to develop a closer understanding of company-level R&D in Europe by comparing European companies with those elsewhere. The Scoreboard lists the research investments of the top 500 corporate investors in R&D whose ultimate parent is located

<sup>53</sup>

[http://europa.eu.int/comm/dgs/energy\\_transport/rtd/6/call\\_4/doc/2005\\_09\\_21\\_info\\_day/presentations/doris\\_schrocker\\_activities.pdf](http://europa.eu.int/comm/dgs/energy_transport/rtd/6/call_4/doc/2005_09_21_info_day/presentations/doris_schrocker_activities.pdf)

<sup>54</sup> <http://www.cordis.lu/fp7/breakdown.htm>

<sup>55</sup> “Investing in research: an action plan for Europe”, COM(2003) 226 final/2.

<sup>56</sup> Technical Report EUR 21399 EN, see [http://eu-iriscorboard.jrc.es/docs/Final\\_2004\\_Scoreboard\\_VOL%20I.pdf](http://eu-iriscorboard.jrc.es/docs/Final_2004_Scoreboard_VOL%20I.pdf)

in the EU and of the top 500 companies whose ultimate parent is outside the EU. It provides corporate economic and financial data, R&D investment patterns by sectors, company rankings, and comparisons between EU, US and Japanese companies.”

Note that this report “excludes R&D financed by third parties such as governments or other companies. It also excludes a given company’s share of any associated company or minority joint venture R&D investment.” (p. 4) The reader should also keep in mind that the report publishes “measures total *EU company* R&D investments *worldwide* rather the amount of industrial R&D investment *within the EU*” (emphasis added).

According to the Executive Summary (page 5), “the four largest sectors in terms of aggregate R&D investment are automobiles & parts, pharmaceuticals & biotechnology, IT hardware, and electronics & electrical equipment. Together, these four sectors constitute 67 % of the global R&D investment by the Scoreboard companies (although they constitute only 37 % of total sales) (...) The EU’s largest R&D investment is in automobiles & parts, while the non-EU’s largest share is in IT hardware.”

The table below gives the following summary for EU and non-EU R&D investments by sector:

Sector	EU Top 500		Non-EU Top 500	
	Sector R&D Investment as % of all sectors	R&D Sales ratio(%)	Sector R&D Investment as % of all sectors	R&D Sales ratio(%)
Automobiles & Parts	23.8	4.6	15.7	4.1
Pharmaceuticals & Biotechnology	17.0	15.2	18.5	15.1
IT Hardware	12.4	15.6	22.9	8.6
Electronic & Electrical Equipment	10.3	6.5	10.9	5.7
Chemicals	7.2	4.2	4.2	3.8
Aerospace & Defence	6.8	8.0	2.1	2.7
Engineering & Machinery	4.6	2.5	2.5	2.8
Telecommunication Services	2.8	1.0	2.0	2.5
Software & Computer Services	2.6	12.8	7.8	10.0
Oil & Gas	1.9	0.3	1.2	0.5
Others (21 sectors)	10.6	1.5	12.2	2
Total (31 sectors)	100	3.2	100	4.5

Figure 2.1 (on p. 19 of the document) gives the top EU and non-EU companies, ranked according to their worldwide R&D investment in 2003.

In the EU, DaimlerChrysler and Volkswagen are ranked first (with 5,571 million EUR) and third (with 4,140 million EUR), respectively. The second place is taken by Siemens (5,511 million EUR), who is also active in the transportation sector (rail, automotive and telematic systems). BMW (ranked 11<sup>th</sup> with 2,559 million EUR), Peugeot PSA (ranked 14<sup>th</sup> with 2,098 million EUR) and Renault (ranked 16<sup>th</sup> with 1,737 million EUR) are also part of the EU top-25. Robert Bosh and the Istituto Finanziario Industriale, which are also classified in the category “Automobiles and parts”, are ranked 9<sup>th</sup> (with 2.650 million EUR) and 15<sup>th</sup> (with 1.763 million EUR). However, from these tables, it is impossible to deduce the sums that have been specifically invested in automobile R&D <sup>57</sup>.

<sup>57</sup> Robert Bosh also produces industrial technology, consumer goods and building technology. IFI is a financial holding company. Through IFIL (of whose capital it holds 63.01 %) it controls, amongst others, FIAT. FIAT, operates in the fields of automobile

Outside the EU, we observe similar patterns. Two car makers (Ford Motor and Toyota Motor) are ranked first and third (with R&D spending amounting to 5,946 million EUR and 4,944 million EUR respectively), followed by General Motors (ranked 4<sup>th</sup>, with 4,519 million EUR), Honda Motor (ranked 11<sup>th</sup> 3,232 million EUR) and Nissan Motor (ranked 22<sup>nd</sup> with 2,222 million EUR).

Alcatel Alsthom, a major provider of automated solution for main line and urban rail, is ranked 4<sup>th</sup> amongst EU Electronics and Electrical Equipment (with a spending of 500 million EUR).

According to ACEA, its members spent 19 billion € worldwide on R&D in 2002, which corresponds to 5% of its turnover<sup>58</sup>.

### **III.18.7. EUCAR-promoted activities**

The European Council for Automotive R&D, EUCAR, fosters “strategic cooperation in research & technological development (R&TD) activities” of the automotive industry.<sup>59</sup>

Its priority research areas are<sup>60</sup>:

- Sustainability of Road Transport
- Safety for all road users
- Mobility, transport and infrastructure
- Cross-functional technologies

We will give a brief overview of projects. The list of projects comes from EUCAR. If CORDIS data on budgets are available, the figures give the amounts in million EUR according to CORDIS. Otherwise, the figures come from EUCAR.

With respect to *sustainability*, EUCAR sets itself as objective to consider energy use and emission of the fuel/powertrain/vehicle system in manufacturing, use and recycling<sup>61</sup>. In collaboration with CONCAWE<sup>62</sup> and the JRC, EUCAR has ‘performed an evaluation of the well-to-wheels energy use and greenhouse gas (GHG) emission for a wide range of potential future fuel and powertrain options’<sup>63</sup>. This project started in 2001 and was entirely self-funded.

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(Fiat Auto, Ferrari and Maserati), industrial and commercial vehicles (IVECO), agricultural and construction equipment (CNH Global), metallurgical products (Teksid), automotive components (Magneti Marelli) and industrial automation systems (Comau) – see <http://eng.gruppoifi.com/index.asp>.

<sup>58</sup> European Automobile Industry Report 05, p.34., downloadable from <http://www.acea.be/>

<sup>59</sup> <http://www.eucar.be/start.html>

<sup>60</sup> EUCAR 2004 Conference – a poster presentation of the projects.

<sup>61</sup> EUCAR 2004 Conference – a poster presentation of the projects, p2.

<sup>62</sup> CONCAWE is the Oil Companies' European Organization for Environmental and Health Protection.

<sup>63</sup> [ies.jrc.cec.eu.int/Download/eh/31](http://ies.jrc.cec.eu.int/Download/eh/31).

The following EUCAR projects in the field of sustainability are part of the Sixth Framework Programme

Project acronym	Name	Project status	Total budget	6 <sup>th</sup> Framework Programme funding
Renew	Renewable fuels for advanced powertrains	ongoing	19.83	10
NICE	New integrated combustion system for future passenger car engines	ongoing	26.35	14.5
HyWays	Development of a harmonised European Hydrogen energy Roadmap	ongoing	7.9 (EUCAR figures)	4 (EUCAR figures)
HyICE	Optimisation of hydrogen powered internal combustion engines	ongoing	7.72	5.01
StorHy	Hydrogen Storage Systems for Automotive Application	ongoing	18.6	10.73
HyTRAN	Hydrogen and fuel cell technologies for road transport	ongoing	16.79	8.81
GREEN	Green Heavy Duty Engine	new	22 (EUCAR figures)	12 (EUCAR figures)
SILENCE	Quieter surface transport in urban areas	new	~15 (EUCAR figures)	9 (EUCAR figures)

There also is a project under preparation for the search of a dedicated European solution on hybrids<sup>64</sup>.

With respect to *safety*, EUCAR sets itself as objective to contribute to the prevention of accidents and the mitigation of their impacts<sup>65</sup>. The following EUCAR projects are part of the Sixth Framework Programme (the list of projects comes from EUCAR, the figures give the amounts in million EUR according to CORDIS):

Project acronym	Name	Project status	Total budget	6 <sup>th</sup> Framework Programme funding
RoadSense	Road awareness for driving via a strategy that evaluates numerous systems	completed	4.4 (EUCAR figures)	2.8 (EUCAR figures)
EASIS	Electronic Architecture and System Engineering for Integrated Safety Systems	ongoing	9.46	5
AIDE	Adaptive integrated driver-vehicle interface	ongoing	12.5 <sup>66</sup>	7.3 <sup>67</sup>
PREVENT	Preventive and active safety applications	ongoing	56 (EUCAR figures)	29.8 (EUCAR figures)
APROSYS	Integrated project on advanced protection systems	ongoing	29.79	18
GST	Global System for Telematics enabling On-line Safety Services	ongoing	21.55	11.1
SafeSport	Cooperative vehicles and infrastructure for road safety	under preparation	na	na

With respect to *Mobility, Transportation and Infrastructure*, it sets itself as objective to establish and maintain a road transportation framework to achieve optimal capacity use, interconnection and interoperability with appropriate intermodal junctions<sup>68</sup>. The following EUCAR projects are part of the Sixth Framework Programme (the list of projects comes from EUCAR, the figures give the amounts in million EUR according to CORDIS):

<sup>64</sup> EUCAR 2004 Conference – a poster presentation of the projects, p. 14;

<sup>65</sup> EUCAR 2004 Conference – a poster presentation of the projects, p15.

<sup>66</sup> [http://europa.eu.int/information\\_society/activities/esafety/doc/rtd\\_projects/aide\\_overviewshort.pdf](http://europa.eu.int/information_society/activities/esafety/doc/rtd_projects/aide_overviewshort.pdf)

<sup>67</sup> Ibid.

<sup>68</sup> EUCAR 2004 Conference – a poster presentation of the projects, p24.

Project acronym	Name	Project status	Total budget	6 <sup>th</sup> Framework Programme funding
FREDERIC	Freight delivery rationalisation in cities	completed	0.2 (EUCAR figures)	0.2 (EUCAR figures)
FIDEUS	Freight innovative delivery in European urban space	ongoing	4.5 (EUCAR figures)	2.25 (EUCAR figures)

With respect to *Cross-functional Technologies*, it sets itself research objectives in the fields of materials, life cycle analysis and electronic systems<sup>69</sup>. The following EUCAR projects are part of the Sixth Framework Programme (the list of projects comes from EUCAR, the figures give the amounts in million EUR according to CORDIS):

Project acronym	Name	Project status	Total budget	6 <sup>th</sup> Framework Programme funding
FAS	Standardization of a new test method for OEM coatings – Fingerprint Analysis System	ongoing	0.05 (EUCAR figures)	None
InMAR	Intelligent Materials for Active Noise Reduction	ongoing	26.77	15
SuperLight-Car	Sustainable Production Technologies of Emission reduced Light weight car concepts	new	20 (EUCAR figures)	10.5 (EUCAR figures)
VASS	Virtual automation system standard	proposed	21.5 (EUCAR figures)	9.9 (EUCAR figures)

### **III.18.8. Conclusion**

We can conclude that, in general, the EU's research policy serves the realisation of the White Paper's objectives. We have also seen that the private sector spends very important amounts in the field of transport R&D, and that, in general, these amounts are being spent in areas that serve the objectives of the White Paper. Unfortunately, in this stage, the SRA of the Waterborne Technology Platform has not been made public yet, and very little can be said on this particular point.

## **III.19. Taxation and Customs Union**

### **III.19.1. Objectives of DG Taxation and Customs Union**

The objectives of the DG Taxation and Customs Union are to:

- manage, defend and develop the customs union as a vital part of protecting the external borders of the EU;
- tackle the tax obstacles that currently prevent individuals and companies from operating freely across borders and from exploiting the full benefit of the Internal Market and encourage changes to tax systems so that they support Community objectives such as competitiveness and sustainable development;
- Respond effectively to the international challenges associated with customs and tax policies;
- Facilitate better co-operation between Member States to combat tax and customs fraud.
- It engages regularly in open dialogue with stakeholders and interested parties in order to ensure that rules and proposals keep pace with the reality of rapid change.

<sup>69</sup> EUCAR 2004 Conference – a poster presentation of the projects, p27.

Amongst its priorities, it includes vehicle taxation, in order to “make these arrangements more environmentally friendly and eliminate obstacles in the Internal market”.

### **III.19.2. Overview of Taxation Policy**

The strategy of the European Commission's with regard to tax policy has been outlined in a Communication on "Tax policy in the European Union - Priorities for the years ahead" (COM (2001) 260). The overall objective is to remove all potential tax obstacles to cross-border activities. Thus, the role of European policy in the field of taxation lies predominantly in securing the rule of fiscal neutrality in Community trade and investigating into the possibilities for the harmonization of taxes (Moussis, 2004, p. 221). A major step towards ensuring fiscal neutrality has been the harmonization of structures in the area of indirect taxation, specifically turnover taxes (the value added tax, VAT) and excise duties. With respect to transport, three areas of policy action on the European level are of particular importance: VAT, excise duties and passenger car taxation.

#### *III.19.2.1. Value Added Tax (VAT)*

The introduction of VAT in the European Economic Community in 1970 by the First and Second VAT Directives intended to replace the production and consumption taxes which had hitherto been applied by the Member States. The Sixth VAT Directive (77/388/EEC) on the harmonization of this tax introduced a common assessment for VAT and a package of common rules laying down Community definitions of important concepts defining the scope of the tax and methods for determining tax liability. The Sixth VAT Directive has been amended further (Directives 91/680/EEC, 92/111/EEC) with the aim to abolish tax frontiers and to adapt VAT to the requirements of the new single market. In 2000, a strategic program named “New Strategy for VAT” has been launched (COM(2000) 348) for improving the operation of the VAT system in the short term by a simplification, modernization and more uniform application of rules as well as a closer administrative co-operation. A preliminary report on the progress of the new strategy has been presented in 2003 entitled “Review and update of VAT strategy priorities” (COM(2003) 614). In this review two general areas have been identified for further work towards a consistent approach, i.e. reaffirming the principle of taxation at the place of consumption, and simplifying traders’ obligations. In the case of remote services, in particular cross-border electronic B2B (business-to-business) and B2C (business-to-consumers) transactions, a “one-stop-shop mechanism” has been introduced which simplifies the liability when taxation at the place of consumption can hardly be achieved. These provisions are of particular interest in the establishment of cross-border transport information services. VAT in Europe lies between 15 % and 25 % (Standard Rate)<sup>70</sup>.

#### *III.19.2.2. Excise Duties*

Alongside VAT, a number of major special taxes on consumption of certain products are applied by all Member States in the European Union. The most common of these excise duties are applied to alcoholic beverages, manufactured tobacco products, and energy products (motor fuels and heating fuels, such as petrol and gasoline, electricity, natural gas, coal and coke). EU legislation in this area aims at the harmonization of their structures, i.e. the definition of product categories and calculation methods, and the definition of minimum rates. For the transport sector, in particular the provisions on excise duties on mineral oil and potential exemptions for the use of renewable fuels are of importance.

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<sup>70</sup> See [http://europa.eu.int/comm/taxation\\_customs/resources/documents/vat\\_rates\\_2004-en.pdf](http://europa.eu.int/comm/taxation_customs/resources/documents/vat_rates_2004-en.pdf)

### *III.19.2.3. Passenger Car Taxation*

Currently, the taxation of passenger cars in the Member States shows a large variety in the overall strategies and tax levels. An overview of the national approaches can e.g. be found in a communication of the Commission on “Taxation of passenger cars in the European Union - options for action at national and Community levels” (COM (2002) 431) and the ACEA tax guides (e.g. ACEA, 2003) – note that we shall come back to COM(431). National provisions must, however, be in line with the general principles of the EC Treaty and, in particular, should not give rise to border-crossing formalities in trade between Member States and must respect the non discrimination principle. Current legislation addresses in particular two issues: firstly the taxation consequences of taking cars across borders in order to prevent tax frauds and, secondly, provisions for including environmental and specifically CO<sub>2</sub> emission related criteria into the tax structures.

### **III.19.3. Balancing air transport and environment**

Due to its international character and the provisions of the 1944 Chicago Convention as well as bilateral Air Service Agreements, aircraft fuels are generally exempted from taxation. With regard to excise duties, Council Directive 2003/96/EC provides for a mandatory exemption of aircraft fuels other than in private pleasure-flying from the harmonised excise duty for energy products. At the same time the Directive introduced provisions which allow Member States to tax aviation fuel for domestic flights and, by means of bilateral agreements, fuel used for intra-Community flights. In such cases, Member States may apply a level of taxation below the minimum level set out in this Directive. With few exemptions there is an overall agreement on the European level that aviation should be treated equally with respect to taxation as other modes of transport. Yet, an international agreement at ICAO level seems hardly achievable. Therefore, the achievement of the White Paper objective of limiting the environmental impacts of air transport can hardly be supported by means of fuel taxation.

### **III.19.4. Effective Charging / Clean and efficient Transport**

Taxes relevant for passenger transportation are in particular energy taxes, VAT and car taxes. As there is little Community legislation concerning taxation at present, each Member State has to lay down national provisions for transport issues. Consequently, harmonization of national fiscal provisions is very low. Moreover, with Decision 2001/224 OJ L 84 (23.03.2001), the Commission has allowed Member States to apply reduced excise duties to certain mineral oils.

Energy prices are regarded as one key element of transport policies. Because of the very low harmonization among the Member States very different developments of the total price of fuels can be observed all over Europe. The deflated petrol price increased strongly in the UK, remained approximately constant in a number of Member States and decreased in Greece. Gas and electricity supplies to final consumers is from 1. January 2005 under taxation of the country where the actual consumption takes place. The new Directive has taken effect on 1 January 2005<sup>71</sup>. The Commission aims at harmonizing excise duties for diesel fuel consumption in commercial road transport, introducing minimum taxation levels and an alignment of diesel and petrol taxes. However, a proposal for a Directives to this end has been rejected. In order to foster the use of alternative fuels for transport, fiscal measures are stated as an important means for the promotion of biofuels in the European Commission’s action plan (COM(2001) 547). To this end,

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<sup>71</sup> Council Directive 2003/92/EC, 7. October 2003.

Member States are given the option of applying a reduced rate of excise duty to pure or blended biofuels, when used as heating or motor fuel by Directive 2003/96.

With respect to VAT, different taxation levels are applied in some Member States for the transport modes leading to unfair competition. However, action has not yet been taken on the Community level for the harmonization of tax deductions.

In the "Communication from the Commission to the Council and the European Parliament - Taxation of passenger cars in the European Union - options for action at national and Community levels" (COM/2002/0431) the possibility for differentiating passenger vehicle taxes according to CO<sub>2</sub> emission is proposed. This proposal doesn't include other environmental problems like PM<sub>10</sub>, NO<sub>x</sub> and noise. The proposal has been subject to public consultation and discussion within the European Parliament's Committees and has now resulted in Directive proposal: COM (2005) 261, Proposal for a COUNCIL DIRECTIVE on passenger car related taxes. This "proposal aims to improve the functioning of the Internal Market by removing existing tax obstacles to the transfer of passenger cars from one Member State to another. It would also promote sustainability by restructuring the tax base of both registration taxes and annual circulation taxes so as to include elements directly related to carbon dioxide emissions of passenger cars."

All measures described above are fully in line with the White Paper measures and objectives, partly they are explicitly included (see Annex I). If implemented (fully), they can be expected to have a significant impact on the reduction of environmental impacts of transport and to a lesser extent on improving fair competition between the transport modes.

### **III.19.5. Conclusion**

Summarizing, the most significant developments can be observed in the use of fiscal measures to promote more environmentally friendly means of transport.

## **III.20. Transport and Energy**

Discussing new developments in the field of transport is not part of this Work Package.

According to Moussis (2004), "the common energy policy (...) revolves around two axes: the functioning of the internal energy market and the security of energy supplies" (p. 402). We will not cover the functioning of the internal energy market here, as it has no specific impact on the realization of the White Paper's objectives.

However, the concern for the security of the EU's energy supply is a theme common to energy policy on the one hand and transport policy on the other hand.

### **III.20.1. Green Paper on Security of energy supply**

In the November 2000 Green Paper (GP) on the security of the European Union's energy supply (COM(2000) 769 of 29 November 2000), the Commission noted that the EU's dependency on external energy sources could increase from 50% at that time to 70% in 20 to 30 years. This Green Paper called for better demand management, amongst others in the transport sector.

The GP therefore set as objective for road transport to replace 20 % of conventional fuels with substitute fuels by 2020. It also emphasized that available new clean car technologies should receive greater Community support, especially under the Sixth Framework Programme of research (see Section III.18).

In the same line, the White Paper on transport insisted on a quick adoption of the following proposed Directives (p. 81-82):

- a Directive on energy products, in order to allow tax exemptions for hydrogen and biofuels; this has been realized with the adoption of Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity (OJ L 283).
- a Directive setting minimum percentage of biofuels to be added to diesel and petrol placed on the market. This has been realized with Directive 2003/30/EC of the European Parliament and of the Council of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport (OJ L 123).

The White Paper also expressed concerns that existing international rules fail to take into account concerns with respect to energy supply. Thus, the GP and the White Paper are clearly in line.

### **III.20.2. Scientific research**

Section III.18 analyses the EU's research policy in more detail – we limit ourselves here to one specific measure.

Decision 1230/2003 OJ L 176 (15.07.2003) contains a multi-annual programme for action in the field of energy, called “Intelligent Energy-Europe” (2003-2006). It sets the following objectives: security of energy supply, competitiveness, and environmental protection; it includes the energy aspects of transport (in the module “STEER”). STEER “concerns support for initiatives relating to all energy aspects of transport, the diversification of fuels, such as through new developing and renewable energy sources, and the promotion of renewable fuels and energy efficiency in transport, including the preparation of legislative measures and their application”.

This is clearly in line with the objective of the White Paper to diversify the fuels used in transport (pp. 82-83).

### **III.20.3. Green Paper on Energy Efficiency**

On June 22, 2005, the Commission published its “Green Paper on Energy Efficiency or Doing More With Less” (COM(2005) 265 final).

The purpose of the Green Paper (GP) is to identify options, and to open a discussion on “how to realise the cost-effective savings and to start the process towards rapidly establishing a concrete Action Plan (...) to harness the identified potential energy efficiency savings” (p. 37). It identifies options and suggests a number of potential key actions (p. 5).

Hence, the Commission sees the GP as the starting point for a public consultation process that will last until December 2005 (p. 6). The Commission will then lay a first analysis before the Council of Ministers

(p. 38). In 2006, this analysis will then be accompanied by a concrete action plan and the necessary cost-benefit analyses (p. 7). The Introduction to the GP contains several questions for debate, for which it seeks reactions from all interested parties.

With respect to transport policy, the following questions are asked (see p.9-10):

- What measures should be taken to improve energy efficiency of vehicles? To what extent should these measures be voluntary and to what extent mandatory?
- What can be done to improve the market share of rail, maritime and inland waterway transport?
- How should the TEN transport infrastructure be financed?
- Should priority be given to technological innovations or to regulatory measures?
- Should public authorities be obliged to buy a percentage of energy efficient vehicles?
- What should be the next steps in infrastructure charging?

The first Chapter of the GP aims at identifying the obstacles. In the case of the transport sector, the following points have been identified:

- Mergers between companies in the transport sector could lead to the abuse of market power without leading to greater energy efficiency.
- The current pricing system does “not take account of the relative energy value of products, nor of the environmental impact of their use”. The GP therefore explicitly confirms the White Paper’s position that appropriate infrastructure charging policies need to be applied.

The second Chapter identifies how all relevant stakeholders in the discussion could contribute to the realisation of the objectives of the GP.

First, at the Community level, the following points raised in the GP have direct transport relevance:

- The 7<sup>th</sup> Framework Programme for Research and Development has been adopted by the Commission on 6 April 2005. Amongst the priorities cited, we should mention the development of fuel cells and bio-fuels in transportation – see Section III.18.
- With respect to tax policy, the GP emphasizes that, although “community tax policy still remains too often a simple tool at the service of budgets” (p.18), concrete steps are being taken to use tax measures in order to encourage or discourage some types of behaviour. As taxation of energy products falls under EU competence, Directive 2003/96/EC sets a favourable context for, amongst others, rail and river transport. Several proposals on diesel fuel for business and passenger vehicles are also in the pipeline. The GP also adopts the position that taxes such as road and registration taxes should also be differentiated according to fuel consumption – note that this exactly what is proposed in the recent Directive proposal COM(2005) 261.

- The Commission believes that “green” public procurement would help motor manufacturers to build the market credibility of less-polluting and more-energy-efficient vehicles.
- The Commission has suggested that “increased energy efficiency and the promotion of clean urban transport should constitute explicit targets for the activity of the European Regional Development Fund in both the convergence regions and in the regions that are running programmes for regional competitiveness.”
- In order to limit the fuel consumption of vehicles, “the Union has implemented until now voluntary agreements with the car industry and labeling of cars on energy efficiency.(...) In the framework of CARS 21 recommendations should be developed on how best to proceed. In deciding how and whether to proceed regarding this option, it needs to be defined how best the qualification as “clean” and “efficient” might be set, taking into account the need to promote the objective in a technology neutral and cost-effective manner, so that any initiative allows industry to develop the appropriate technology to meet the objective in question.”

Next, two Sections are devoted to what can be done by national authorities and by industry. They do not contain points that are of particular interest for the transportation sector.

The fourth Section is entirely devoted to the transport sector.

The following ideas are suggested by the Commission:

- The development of a single Europe-wide system for air traffic control should lead to substantial kerosene savings through reductions in congestion around the airports.
- Traffic management systems such as the satellite navigation system that is rendered possible by GALILEO should lead to higher safety and energy efficiency.
- The GP also takes the position that intermodality can lead to substantial energy-savings. The Commission already encourages intermodality by a number of measures, such as Marco Polo
- The Community research programs support the development of markets for clean vehicles; the 7<sup>th</sup> Framework Programme will continue to do so.
- The development of satellite location techniques will ease the implementation of the road-pricing policy that the Union has already embarked on for heavy goods vehicles on the Trans-European Road Network.
- During the consultation process, the Commission wants to reconsider the existing crude schemes that some large conurbations have put in place to combat air pollution. It also questions how of best practices can be generalized and expanded throughout the EU.
- In order to reduce the friction between tyres and the road, the Commission proposes to encourage the sales of properly performing tires and to encourage better pressure checks.
- A Commission Communication on climate change and aviation will be presented shortly.

The Fifth Section takes a closer look at the measures that can be taken at a regional and local level. While city transport is essentially a matter for local and national authorities, the Commission takes the position that the EU should contribute to finding solutions. This is illustrated by the help provided to urban mobility projects through the CIVITAS programme.

**Conclusion:** all policy measures suggested in this Green Paper seem to be consistent with what has been proposed in the White Paper. However, nothing final can be said on this subject until the consultation process has been finalized and the concrete action plan (due in 2006) is published.

#### **III.20.4. Report On The Green Paper On Energy - Four years of European initiatives**

The most recent REPORT ON THE GREEN PAPER ON ENERGY - Four years of European initiatives (June 2005) identifies the following four political challenges:

Managing demand

Diversifying European sources

A streamlined internal energy market

Controlling external supply

As far as demand management is concerned, it is clear that this report is perfectly in line with the White Paper on transport, to which it refers explicitly (p. 6).

Amongst others, the report offers comments on Council Directives 2001/77 and 2003/96 (discussed in Section III.20.1) and two Directive Proposals: COM(2003) 739 final and COM(2003) 453 final.

Directive 2003/96 has been discussed in Section III.20.1.

Directive 2001/77 OJ L 283 (27.10.2001) fixes targets for renewable and environment-friendly energy sources. Article 3 requires that "Member States shall take appropriate steps to encourage greater consumption of electricity produced from renewable energy sources". Although this *could* have an impact on the price of transport, detailed knowledge of national policies is required in order to be able to make an assessment. According to the report, transposition in national legislation has been lacking.

COM(2003) 739 final contains the Proposal for a Directive on energy end-use efficiency and energy services. Amongst the eligible areas for energy efficiency programmes and other energy efficiency measures, the proposal refers explicitly to energy efficiency in transport and modal shifts (pp. 35-36). Note however that it does not cover aviation, although the White Paper clearly expresses its opposition to the exemption from kerosene taxation enjoyed by the aviation sector.

COM(2003) 453 final has recently (06 July 2005) resulted in Directive 2005/32 "Establishing a framework for the setting of ecodesign requirements for energy-using products". As this Directive explicitly excludes means of transport from its scope, it does not complement the White Paper's objectives.

## **III.21. External Relations**

### **III.21.1. Development policy and humanitarian aid**

Although transport is a focus in EU aid operations (<http://europa.eu.int/scadplus/leg/en/lvb/r12506.htm>), we have not identified any channel through which aid policy affects the realisation of the White Paper's objective.

### **III.21.2. Enlargement**

The impact of EU enlargement on the realisation of the White Paper's objectives is the subject of Annex XIX, "Special attention on enlargement". We have therefore limited ourselves to some general observations that are directly related to the Internal Market (see Section III.15.2).

### **III.21.3. External Trade**

Since the establishment of the customs union in 1968, external trade falls entirely into the Community's area of competence.

It is clear that any treaty leading to new trade liberalisation should also have an impact on transport volumes. As it is not clear in what direction the Doha round negotiations are heading, very little can be said on the impact of current WTO negotiations.

It should however be pointed out that, following its latest expansion, the EU declared its intention to develop closer trade and partnership agreements with these neighbours in the Mediterranean basin and with Russia and the other republics of the former Soviet Union (see [http://europa.eu.int/pol/comm/overview\\_en.htm](http://europa.eu.int/pol/comm/overview_en.htm)). A further increase in the trade with Mediterranean countries would have a direct impact on transport activity in ports; its impact on modal split would be ambiguous. As far as trade with the CIS is concerned, it is possible that such agreements would impose further strains on the land transport systems of the EU10. However, no quantitative statements can be made on this subject without further data.

## **III.22. Proposed EU legislation in 2004**

This Section gives an overview of all proposals to legislation in the year 2004. The current (July 2005) status of these proposals is unknown.

**Table 2: Potential relevance of proposed EU legislation in 2004 on the 12 White Paper policies**

	1) Road transport	2) Railways	3) Air transport	4) Shipping	5) Intermodality	6) TEN	7) Road safety	8) Effective charging	9) Users rights	10) Urban transport	11) Clean transport	12) Globalization
<b>General, financial and institutional matters</b>												
<b>Principles, objectives and tasks of the Treaties</b>												
COM (2004) 0148	x											
Proposal for a COUNCIL DIRECTIVE adapting Directives 1999/45/EC, 2002/83/EC, 2003/37/EC and 2003/59/EC of the European Parliament and of the Council and Directives 77/388/EEC, 91/414/EEC, 96/26/EC, 2003/48/EC and 2003/49/EC, in the fields of free movement of goods, freedom to provide services, agriculture, transport policy and taxation, by reason of the accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia												
Proposal for a COUNCIL REGULATION adapting certain regulations and decisions in the field of free movement of goods, company law, agriculture, taxation, education and training, culture and audiovisual and external relations, by reason of the accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia												
<b>Customs Union and free movement of goods</b>												
<b>General</b>												
COM (2004) 0331	x											
Proposal for a COUNCIL DECISION on the position to be taken by the Community concerning the proposal to amend the TIR Convention 1975												
<b>International customs cooperation</b>												
COM (2004) 0036 (also put under 11.40: Bilateral agreements with non-member countries)				x								
Proposal for a COUNCIL DECISION on the signature and conclusion of the Agreement between the European Community and the United States of America on intensifying and broadening the Agreement of 28 May 1997 on customs co-operation and mutual assistance in customs matters to include co-operation on Container Security and related matters												
<b>Freedom of movement for workers and social policy</b>												
<b>Freedom of movement for workers</b>												
COM (2004) 0317	x	x	x	x								
Amended proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the recognition of professional qualifications												
COM (2004) 0311					x							
Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the recognition of seafarers' certificates issued by the Member States and amending Directive 2001/25/EC												
<b>Social policy</b>												
COM (2004) 0530 (could also be classified under 07.30.40.20)					x							
Proposal for a COUNCIL DECISION authorising Member States to ratify in the interests of the Community the Seafarers' Identity Documents Convention of the International Labour Organization (Convention 185)												
<b>Transport policy</b>												
<b>Inland transport</b>												
COM (2004) 0047	x											
Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the establishment of common rules for												

	1) Road transport	2) Railways	3) Air transport	4) Shipping	5) Intermodality	6) TEN	7) Road safety	8) Effective charging	9) Users rights	10) Urban transport	11) Clean transport	12) Globalization
certain types of carriage of goods by road (Codified version)												
COM (2004) 0139 Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Council Directive 91/440/EEC on the development of the Community's railways		x										
COM (2004) 0142 Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the certification of train crews operating locomotives and trains on the Community's rail network		x										
COM (2004) 0143 Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on International Rail Passengers' Rights and Obligations		x							x			
COM (2004) 0144 Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on compensation in cases of non- compliance with contractual quality requirements for rail freight ser- vices		x										
COM (2004) 0147 (also under 13.60: Trans-European networks) Amended proposal for a DIRECTIVE OF THE EUROPEAN PAR- LIAMENT AND OF THE COUNCIL on minimum safety requirements for tunnels in the trans-European road network	x					x	x					
COM (2004) 0164 (also under 13.60: Trans-European networks) COMMUNICATION FROM THE COMMISSION TO THE EURO- PEAN PARLIAMENT pursuant to the second subparagraph of Article 251(2) of the EC Treaty concerning the common position of the Council on the adoption of a European Parliament and Council Di- rective on minimum safety requirements for tunnels in the trans- European road network	x					x	x					
COM (2004) 0184 Proposal for a COUNCIL REGULATION adapting Regulation (EC) No 2327/2003 of the European Parliament and of the Council, in the field of transport, by reason of the accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia	x											
COM (2004) 0187 Proposal for a COUNCIL REGULATION adapting Regulation (EC) No 685/2001 of the European Parliament and of the Council, in the field of transport, by reason of the accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia	x											
COM (2004) 0232 Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the licensing of railway undertakings		x										
COM (2004) 0140 COMMUNICATION FROM THE COMMISSION Further integration of the European rail system: third railway package		x							x			
COM (2004) 0672 (could also be classified under 15.20) <i>Proposal for a COUNCIL DECISION on the accession of the Com- munity to United Nations Economic Commission for Europe Regula- tion No. 94 on provisions concerning the approval of vehicles with regard to the protection of the occupants in the event of a frontal collision and Regulation No. 95 on provisions concerning the ap- proval of vehicles with regard to the protection of the occupants in</i>	x						X					

	1) Road transport	2) Railways	3) Air transport	4) Shipping	5) Intermodality	6) TEN	7) Road safety	8) Effective charging	9) Users rights	10) Urban transport	11) Clean transport	12) Globalization
<i>the event of a lateral collision</i>												
COM (2004) 0420	x						x					
<i>Proposal for a COUNCIL DECISION concerning the Community position regarding draft Decision 1/2003 and draft recommendation 1/2003 of the Joint Committee set up under the Interbus Agreement on the international occasional carriage of passengers by coach and bus</i>												
<b>Shipping</b>												
COM (2004) 0076				x								
Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on enhancing port security												
COM (2004) 0392				x	x							
Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on harmonised River Traffic Information Services on inland waterways in the Community												
COM (2004) 0453				x	x							
COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS on Short Sea Shipping												
<b>Air transport</b>												
COM (2004) 0007 (also under 11.30: Multilateral relations)			x									x
COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT pursuant to the second subparagraph of Article 251(2) of the EC Treaty concerning the common position of the Council on the adoption of a Regulation of the European Parliament and of the Council concerning protection against subsidisation and unfair pricing practices in the supply of airline services from countries not members of the European Community												
COM (2004) 0008			x									x
COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT pursuant to the second subparagraph of Article 251 (2) of the EC Treaty concerning the common position of the Council on the adoption of a regulation of the European Parliament and of the Council on the negotiation and implementation of air service agreements between Member States and third countries												
COM (2004) 0136			x									x
Communication from the Commission to the European Parliament pursuant to the second subparagraph of Article 251 (2) of the EC Treaty concerning the common position of the Council on the adoption of an amended proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EEC) N° 95/93 of 18 January 1993 on common rules for the allocation of slots at Community airports#/* COM/2004/0136 final - COD 2001/0140 */#												
COM (2004) 0235 (also under 13.60: Trans-European networks)			x									x
OPINION OF THE COMMISSION pursuant to Article 251 (2), third subparagraph, point (c) of the EC Treaty, on the European Parliament's amendments to the Council's common position regarding the proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL concerning protection against subsidisation and unfair pricing practices in the supply of airline services from countries not members of the European Community												
COM (2004) 0073			x									
Amended proposal for a REGULATION OF THE EUROPEAN PAR-												

	1) Road transport	2) Railways	3) Air transport	4) Shipping	5) Intermodality	6) TEN	7) Road safety	8) Effective charging	9) Users rights	10) Urban transport	11) Clean transport	12) Globalization
LIAMENT AND OF THE COUNCIL amending Council Regulation 3922/91 on the harmonisation of technical requirements and administrative procedures in the field of civil aviation (presented by the Commission pursuant to Article 250 (2) of the EC Treaty)												
COM (2004) 0255 OPINION OF THE COMMISSION pursuant to Article 251 (2), third subparagraph, point (c) of the EC Treaty, on the European Parliament's amendment to the Council's common position regarding the proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on insurance requirements for air carriers and aircraft operators		x										
COM (2004) 0473 Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on a Community Air Traffic Controller Licence		x										
<b>Competition policy</b>												
<b>Restrictive practices</b>												
COM (2004) 0654 Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on market access to port services	x			x								
<b>Taxation</b>												
<b>Indirect taxation</b>												
COM (2004) 0042 Proposal for a COUNCIL DIRECTIVE amending Directive 2003/96/EC as regards the possibility for certain Member States to apply, in respect of energy products and electricity, temporary exemptions or reductions in the levels of taxation	x	x									x	
COM (2004) 0185 Proposal for a COUNCIL DIRECTIVE amending Directive 2003/96/EC as regards the possibility for Cyprus to apply, in respect of energy products and electricity, temporary exemptions or reductions in the levels of taxation	x	x									x	
COM (2004) 0597 Proposal for a COUNCIL DECISION authorising France to apply differentiated levels of taxation to motor fuels under Article 19 of Directive 2003/96/EC	x											
<b>Energy</b>												
<b>General principles and programmes</b>												
COM (2004) 0182 Proposal for a COUNCIL REGULATION adapting Regulation (EC) No 2888/2000 of the European Parliament and of the Council, in the field of transport, by reason of the accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia	x											
<b>External relations</b>												
<b>Commercial policy</b>												
COM (2004) 0074 COMMUNICATION FROM THE COMMISSION A Community aviation policy towards its neighbours												x
COM (2004) 0265 OPINION OF THE COMMISSION pursuant to Article 251(2), third subparagraph, point (c) of the EC Treaty, on the European Parliament's amendments to the Council's common position regarding the												x

	1) Road transport	2) Railways	3) Air transport	4) Shipping	5) Intermodality	6) TEN	7) Road safety	8) Effective charging	9) Users rights	10) Urban transport	11) Clean transport	12) Globalization
proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the negotiation and implementation of air service agreements between Member States and third countries												
<b>Industrial policy and internal market</b>												
<b>Internal market: approximation of laws</b>												
COM (2004) 0055 (also under 15.10: Environment)	x	x	x	x							x	
OPINION OF THE COMMISSION pursuant to Article 251 (2), third subparagraph, point (c) of the EC Treaty, on the European Parliament's amendments to the Council's common position regarding the proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on environmental liability with regard to the prevention and remedying of environmental damage AMENDING THE PROPOSAL OF THE COMMISSION pursuant to Article 250 (2) of the EC Treaty												
<b>Industrial policy: sectoral operations</b>												
COM (2004) 0477	x						x	x				
Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND THE COUNCIL on the implementation of the deployment and commercial operating phases of the European programme of satellite radio navigation												
<b>Trans-European networks</b>												
COM (2004) 0141	x	x				x					x	
COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT pursuant to the second subparagraph of Article 251 (2) of the EC Treaty concerning the common position of the Council on the adoption of a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks												
COM (2004) 0222	x							x				
COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT pursuant to the second subparagraph of Article 251 (2) of the EC Treaty concerning the common position of the Council on the adoption of a Directive of the European Parliament and of the Council on the interoperability of electronic road toll systems in the Community												
COM (2004) 0294	x	x	x	x	x	x					x	
COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT pursuant to the second subparagraph of Article 251 (2) of the EC Treaty concerning the common position of the Council on the adoption of a Decision of the European Parliament and of the Council amending Decision N° 1692/96/EC on Community guidelines for the development of the Trans-European Transport Network												
COM (2004) 0475	x	x	x	x	x	x	x				x	
Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL determining the general rules for the granting of Community financial aid in the field of the trans-European transport networks and energy and amending Council Regulation (EC) n° 2236/95												
<b>Environment, consumers and health protection</b>												
<b>Environment</b>												
COM (2004) 0016	x										x	
COMMUNICATION FROM THE COMMISSION TO THE EURO-												

	1) Road transport	2) Railways	3) Air transport	4) Shipping	5) Intermodality	6) TEN	7) Road safety	8) Effective charging	9) Users rights	10) Urban transport	11) Clean transport	12) Globalization
<p>PEAN PARLIAMENT pursuant to the second subparagraph of Article 251 (2) of the EC Treaty concerning the common position of the Council on the Commission proposal for a Directive of the European Parliament and of the Council on the limitation of emissions of volatile organic compounds (VOCs) due to the use of organic solvents in certain paints and varnishes and vehicle refinishing products and amending Directive 1999/13/EC (COM(2002)750 final (2002/0301 (COD))</p>												
<b>Consumers</b>												
COM (2004) 0351 COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT pursuant to the second subparagraph of Article 251(2) of the EC Treaty concerning the common position of the Council on the adoption of a European Parliament and Council Directive amending Council Directives 72/166/EEC, 84/5/EEC, 88/357/EEC, 90/232/EEC and Directive 2000/26/EC of the European Parliament and of the Council on insurance against civil liability in respect of the use of motor vehicles (Fifth Motor Insurance Directive)	x						x					
COM (2004) 0449 Proposal for a COUNCIL DECISION on the position of the European Community in relation to the draft Regulation of the United Nations Economic Commission for Europe on the uniform provisions concerning the approval of vehicles with regard to the location and identification of hand controls, tell-tales and indicators	x						x					
COM (2004) 0450 Proposal for a COUNCIL DECISION on the position of the European Community in relation to the draft Regulation of the United Nations Economic Commission for Europe with regard to the type-approval of a heating system and of a vehicle with regard to its heating system	x											
<b>Area of freedom, security and justice</b>												
<b>Free movement of persons</b>												
COM (2004) 0391 Proposal for a COUNCIL REGULATION establishing a Community Code on the rules governing the movement of persons across borders	x	x	x	x								



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