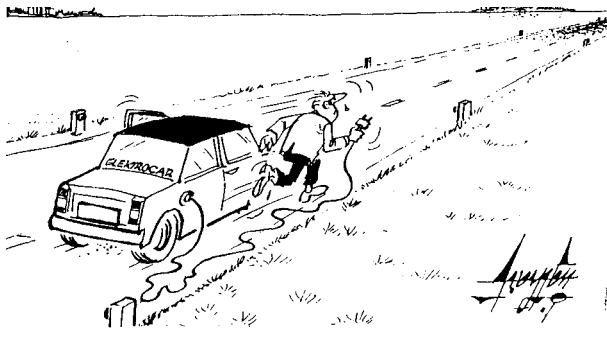


EU

White Paper on Transport

On 12 September 2001, the European Commission adopted its White Paper on a common policy in the transport sector from now until 2010. The oft-postponed document reflects the growing need to reverse current trends in demand for transport so that each mode of transport can return to its 1998 level. The Paper's approach therefore includes a range of measures combining pricing, revitalisation of alternative modes of transport to the roads and targeted investment in the trans-European transport networks. It contains more than 60 measures that, when implemented, will gradually help to sever the link between growth in transport and economic growth.



Courtesy: ZfK

The introductory part of the document lists the main challenges faced by the current European transport system. For example, unequal growth in the different modes

of transport, congestion on some main roads and busy rail lines, and impact on the environment or citizens' health and lack of road safety. The document notes that if nothing is done now to strike a balance in the growth of the different modes of transport integrating environmental concerns into their development, these trends will increase, both with the enlargement of the EU and the extra transport requirements this will bring.

The report recommends a range of measures to counteract these problems and to avoid the risk of a near monopoly of road haulage for freight transport. The aim is to give alternative environmentally-friendly transport modes the means to compete.

The White Paper also envisages an upward revision in the proportion of EU funding in the trans-European transport networks (currently set at a maximum 10 per cent of total investment cost) possibly to as much as 20 per cent. The aim is to facilitate certain large-scale projects where Member States only show moderate interest, due to the low return on investment they represent. This would, for example, concern cross-border rail projects across mountain ranges.

An important new suggestion is the possibility of cross-financing, which would enable transferring part of the revenues from road taxes to the development of other types of infrastructure, such as rail. This approach presupposes adapting current EU legislation that subsidises tolls to cover the building, running and development of the road network.

It would involve putting into practice the principle of

integrating external costs. Mooted in the July 1998 White Paper on "Fair payment for infrastructure use", the principle is to make the user pay all of the costs that he/she creates when using any particular mode of transport. This includes costs linked to pollution, congestion, accidents, etc. The Commission believes that, if a price increase is to be envisaged, "*it is above all the price structure that should undergo the biggest change.*" The Commission feels it is obvious that the current system favours an artificially high demand curve (insofar as prices do not reflect all the social costs involved) and leads to in-built distortions in competition between the various modes of transport. A new taxation system, based upon the polluter-pays and user-pays principles, should enable a better distribution of costs and would be based on both road-user charges and on fuel taxation.

The Commission is therefore planning to propose a Framework Directive next year that should establish for all modes of transport the principle of road-user charges and the taxation structure. There will be equal treatment for airports, ports, roads, rail and waterways. The prices for using these infrastructures should vary according to the same principle.

With regard to fuel taxation, the White Paper argues that taxes should be geared to take account of external environmental costs linked to greenhouse gas emissions. In the short term, the Commission plans to propose a harmonised fuel taxation system for professional use, notably for hauliers. (Thus EU excise duty would, in fact, be higher than the current average tax levied on diesel.) The split between private and professional taxation would enable Member States to reduce the difference between petrol and diesel-fuelled cars.

The Commission will also review the trans-European transport network guidelines adopted in 1996. These single out priority projects into which the bulk of EU funding in infrastructure is channelled. The first step of this review process will come into force in 2001, and will in-

volve slight adaptations to existing legislation. It is hoped to re-centre EU action in favour of the creation of multimodal priority channels for freight and a fast network for travellers. The current list of 14 priority projects will be adapted to include a range of new projects to receive EU funding. The second stage, in 2004, will involve a wider review, which, depending on the reactions to the White Paper, will seek to introduce the concept of high-speed maritime corridors or "motorways", to develop airport capacity and to integrate the sections of pan-European corridors located in accession countries – including those still waiting to join the EU at that time.

Initial reactions to the White Paper have differed. The European Federation for Transport and Environment says the White Paper "lacks a clear vision" and "fails to meet the sustainable transport requirements raised at the EU Gothenburg Summit" in June this year.

The International Road Transport Union, representing the road haulage sector, "welcomes this realistic diagnosis", but regrets that the White Paper fails to offer remedies "firmly based on sustainable development principles". Another criticism of the IRU applies to cross-subsidies. It claims that forecast growth in demand will be almost impossible to meet if investment in infrastructure is distorted by cross-subsidies. They note that environmental protection would suffer if inadequate investment in infrastructure were to lead to increased congestion.

The European Union Road Federation (ERF) states it is "concerned by the Commission's 'dirigiste' approach" and speaks of "inappropriate answers". They are obviously worried about the plan for a shift in transport modes (essentially from road to rail) and criticise a "gradual break of the link between transport growth and economic growth." The Federation has sent a letter to all the members of the European Parliament's Transport Committee, in the hope of the MEPs making some amendments in a co-decision procedure. (MJ)

