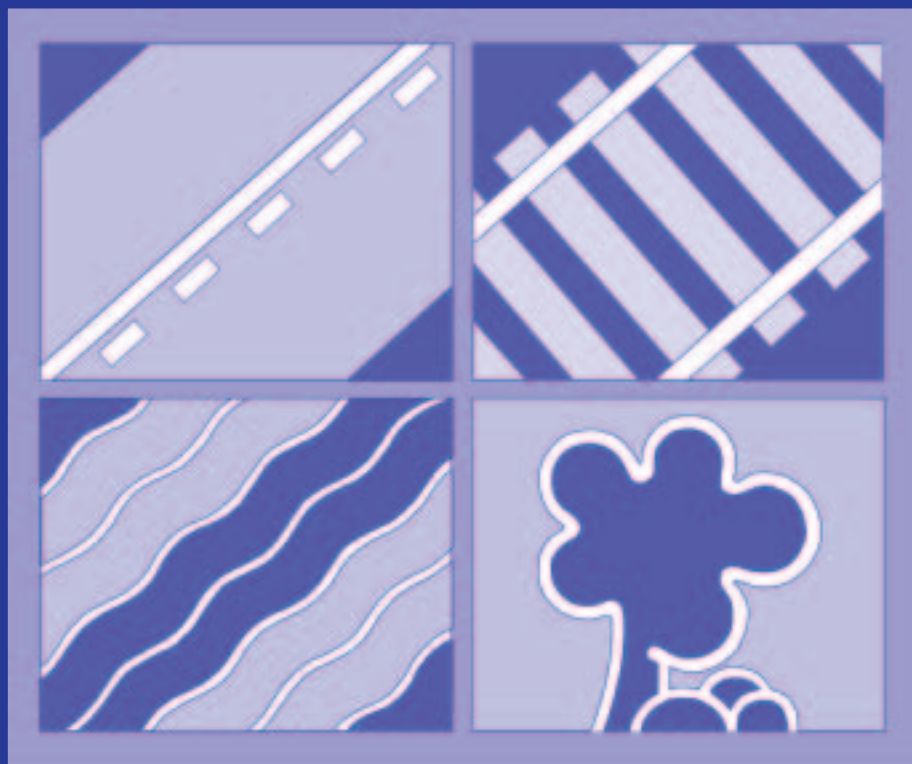


47th Annual Report - 2000

ACTIVITIES OF THE CONFERENCE

RESOLUTIONS OF THE COUNCIL
OF MINISTERS OF TRANSPORT
AND REPORTS APPROVED IN 2000



EUROPEAN CONFERENCE OF MINISTERS OF TRANSPORT



EUROPEAN CONFERENCE OF MINISTERS OF TRANSPORT

47th Annual Report

ACTIVITIES OF THE CONFERENCE

RESOLUTIONS OF THE COUNCIL
OF MINISTERS OF TRANSPORT
AND REPORTS APPROVED IN 2000



EUROPEAN CONFERENCE OF MINISTERS OF TRANSPORT (ECMT)

The European Conference of Ministers of Transport (ECMT) is an inter-governmental organisation established by a Protocol signed in Brussels on 17 October 1953. It is a forum in which Ministers responsible for transport, and more specifically the inland transport sector, can co-operate on policy. Within this forum, Ministers can openly discuss current problems and agree upon joint approaches aimed at improving the utilisation and at ensuring the rational development of European transport systems of international importance.

At present, the ECMT's role primarily consists of:

- helping to create an integrated transport system throughout the enlarged Europe that is economically and technically efficient, meets the highest possible safety and environmental standards and takes full account of the social dimension;
- helping also to build a bridge between the European Union and the rest of the continent at a political level.

The Council of the Conference comprises the Ministers of Transport of 41 full Member countries: Albania, Austria, Azerbaijan, Belarus, Belgium, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Federal Republic of Yugoslavia, Finland, France, FYR Macedonia, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Moldova, Netherlands, Norway, Poland, Portugal, Romania, the Russian Federation, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and the United Kingdom. There are six Associate member countries (Australia, Canada, Japan, New Zealand, Republic of Korea and the United States) and two Observer countries (Armenia and Morocco).

A Committee of Deputies, composed of senior civil servants representing Ministers, prepares proposals for consideration by the Council of Ministers. The Committee is assisted by working groups, each of which has a specific mandate.

The issues currently being studied – on which policy decisions by Ministers will be required – include the development and implementation of a pan-European transport policy; the integration of Central and Eastern European Countries into the European transport market; specific issues relating to transport by rail, road and waterway; combined transport; transport and the environment; the social costs of transport; trends in international transport and infrastructure needs; transport for people with mobility handicaps; road safety; traffic management; road traffic information and new communications technologies.

Statistical analyses of trends in traffic and investment are published regularly by the ECMT and provide a clear indication of the situation, on a trimestrial or annual basis, in the transport sector in different European countries.

As part of its research activities, the ECMT holds regular Symposia, Seminars and Round Tables on transport economics issues. Their conclusions serve as a basis for formulating proposals for policy decisions to be submitted to Ministers.

The ECMT's Documentation Service has extensive information available concerning the transport sector. This information is accessible on the ECMT Internet site.

For administrative purposes the ECMT's Secretariat is attached to the Organisation for Economic Co-operation and Development (OECD).

Publié en français sous le titre :

47^e Rapport Annuel

ACTIVITÉS DE LA CONFÉRENCE

Résolutions du Conseil des Ministres des Transports et rapports approuvés en 2000

Further information about the ECMT is available on Internet at the following address:

www.oecd.org/cem

© ECMT 2001 – ECMT Publications are distributed by: OECD Publications Service,
2, rue André Pascal, 75775 PARIS CEDEX 16, France.

TABLE OF CONTENTS

Introduction

Outline of the Structure and Proceedings of the Conference	5
--	---

Part One

ECMT ACTIVITIES

<i>Chapter I.</i> TRIENNIAL PROGRAMME OF WORK	9
---	---

<i>Chapter II.</i> ACTIVITIES IN PARTICULAR FIELDS	10
--	----

A. Integration of New Member States	10
B. Railways	13
C. Road Transport	14
D. Combined Transport	16
E. Fiscal and Financial Aspects of Transport Markets	17
F. Transport and Environment	18
G. Road Safety	19
H. Transports for People with Mobility Handicaps	20
I. Crime in Transport	23
J. Sustainable Urban Travel	24

<i>Chapter III.</i> ECONOMIC RESEARCH, STATISTICS AND DOCUMENTATION	27
---	----

A. Economic Research	27
B. Statistics	42
C. Documentation and Information	45

<i>Chapter IV.</i> EXTERNAL RELATIONS	47
---	----

Part Two

RESOLUTIONS APPROVED BY THE COUNCIL OF MINISTERS OF TRANSPORT IN 2000

Resolution No. 2000/1	Rules to be Applied for International Freight Transport by Road	51
Resolution No. 2000/2	The Development of Multilateral Quota	57
Resolution No. 2000/3	Charges and Taxes in Transport Particularly in International Road Haulage	61

**DECISIONS APPROVED BY THE COUNCIL OF MINISTERS
OF TRANSPORT IN 2000**

Decision on Sustainable Development	65
Declaration on Safety in Road Traffic for Vulnerable Users	80
Recommendations on Short Sea Shipping	82
Social Aspects of International Road Freight Haulage: Information and Policy Issues for Ministers	89
Implementation of the Helsinki Declaration	92
Strategic Orientation of the Triennial Programme of Work	96
Transport in the Balkan Region	97

**REPORTS APPROVED BY THE COUNCIL OF MINISTERS
OF TRANSPORT IN 2000**

Joint ECMT-ACEA-OICA Conference on Smart CO ₂ Reductions	103
Quantifying CO ₂ Abatement Policies	109
Vehicle Emission Trends	114
Assessing the Benefits of Transports	119
Strategic Environmental Assessment for Transport	121
Short Sea Shipping: An Alternative to European Inland Transport or a Complementary mode	128
Harmonisation in Road Transport: Efficient Transport Taxes and Charges	156
Triennial Programme of Work	161
Summary of Principal Questions for Regulatory Reform and the Development of Rail Freight Markets	205
Railway Reform	218

ANNEXES

I. ECMT Organisation Chart	221
II. Press Release after 84 th Session of the Council of Ministers in Prague	223
III. List of ECMT Member Countries Showing the Year of Accession	232
IV. List of Officers of the ECMT	234
V. List of Delegates at the Prague Conference	235
VI. List of International Organisations with Consultative Status in ECMT	252
VII. Report to the Governments' Parties to Eurofima's Convention	257

INTRODUCTION

OUTLINE OF THE STRUCTURE AND PROCEEDINGS OF THE CONFERENCE

As the Organisation Chart in Annex I shows, apart from the Council of Ministers itself and its Committee of Deputies, the Conference has two types of working unit, and the following were active in 2000:

Permanent Groups

- Economic Research
- Group of Expert Statisticians

***Ad Hoc* Groups**

- Integration of New Member States
- Transport and Environment
- Trends in International Traffic
- Railways
- Combined Transport
- Road Transport (with a Sub-Group on the Multilateral Quota)
- Road Safety
- Transport for People with Mobility Handicaps
- Fiscal and Financial Distortions in Transport Markets

The following groups were also active in 2000: the Steering Group on Crime in Transport, the Sustainable Urban Travel Steering Group and the new Review Group on the Future Direction for ECMT.

The reports produced by these Groups are considered by the Committee of Deputies and, once approved, are submitted to the Council of Ministers.

In accordance with the new system introduced in 1997, the chairmanship of the ECMT is no longer rotated at the beginning of each calendar year but in the middle of the year. Thus, during the first half of 2000, the Conference was chaired by the Czech Minister of Transport and Communications, assisted in the context of the Bureau of the Council of Ministers by the Portuguese Minister for Social Equipment (First Vice-Chairman) and the Romanian Minister of Transport (Second Vice-Chairman). In the second half of the year, the Bureau of the Council of Ministers comprised the Portuguese Minister (Chairman) and the Romanian Minister (First Vice-Chairman), together with the Belgium Minister of Mobility and Transport (new Second Vice-Chairman). The purpose of this new arrangement is to enable the Chairmen to prepare the Spring session of the Council of Ministers more efficiently and to ensure greater continuity in their work over time.

The Council of Ministers held its 84th Session in Prague (Czech Republic) in 2000.

The Committee of Deputies met three times: on 30-31 March, 30 May and 9-10 October 2000. A meeting of the Enlarged Bureau of the Committee of Deputies was held on 5 July 2000.

It should also be mentioned that the Conference organised in 2000, as part of its research activities, its 15th International Symposium on Theory and Practice in Transport Economics: "Key Questions for Transport from the Year 2000" (Thessaloniki, 7-9 June 2000), and two Round Tables on the following themes:

- "Economic Evaluation of Road Traffic Safety Measures"
- "Economic Objectives of Introducing Tolls on Intercity Road Infrastructure"

The conclusions of the Round Tables are given in Chapter III, Section A.

The ECMT also organised several international events, in conjunction with other international organisations, such as:

- in co-operation with the European Automobile Manufacturers Association (ACEA) and the International Organization of Motor Vehicle Manufacturers (OICA) a Conference on "Smart CO₂ Reductions: Non-product measures for reducing emissions from vehicles" (Turin, 2-3 March 2000),
- in co-operation with the International Road Union (IRU) a Workshop on "Access to Taxis for People with Mobility Handicaps" (Paris, 20 June and 28 November 2000),
- in co-operation with the OECD, a Seminar on "Evaluation Methodologies for Infrastructure Investments and Urban Sprawl" (Paris, 29-30 June 2000) and a Workshop on "Overcoming Institutional Barriers to Implementing Sustainable Urban Travel Policies" (Madrid, 13-14 December 2000).

Lastly, the ECMT Secretariat held, as is the custom, a General Hearing of International Governmental and Professional Organisations in Paris on 29 February 2000.

An overview of the Conference's activities is presented hereafter.

Part One

ECMT ACTIVITIES

CHAPTER I

ECMT NEW TRIENNIAL PROGRAMME OF WORK

Every three years, the Council of Ministers is required to draw up **a new Work Programme for ECMT**. Accordingly, a new programme covering the period 2000-2002 was approved by the Council at the Prague session [see document CEMT/CM(2000)18]. This programme describes the transport challenges that Member countries will face during the next few years and sets out the institutional framework within which ECMT will operate. It lays out the priorities for the work of the ECMT which, in the broadest sense, will continue to be the topics of integration and the environment. Other topics featured in the new programme of work include rail transport, road transport, inland waterway transport, combined transport, urban transport, road safety, transport for people with mobility handicaps, fiscal issues, new technologies and crime in transport, as well as economic research and market monitoring.

The programme also points out that the transport sector is faced with major longer-term challenges stemming, *inter alia*, from the increasing globalisation of economic activities and the search for more integrated multimodal systems. Therefore, when they came to examine the new triennial Work Programme, Ministers were asked to express their view on how they see the future role and geographic coverage of ECMT in an increasingly globally integrated economy. Their response was that, after the Pan-European Conferences, the ECMT should constitute a forum in which government officials, members of parliament, professionals and industry could meet in order to consult on the major relevant issues for the transport sector. While reiterating that the ECMT should remain an essentially European organisation, Ministers also requested that ways and means be found of bringing the Conference's work more into line with the current wave of globalisation and strengthening its relationship with non-European countries. In this connection, Ministers stressed the special interest in strengthening co-operation between Europe and central Asia given the land links between the two areas.

CHAPTER II

ACTIVITIES IN PARTICULAR FIELDS

A. INTEGRATION OF NEW MEMBER STATES

The Group on the Integration of New Member States, which was established in 1993, met twice in 2000 in conjunction with the meetings of the Committee of Deputies. It has continued its work mainly by:

- Acting as a forum for exchange of information and experiences on integration issues.
- Developing consensus on the appropriate approach and actions as countries move towards a harmonised and integrated pan-European transport system.
- Ensuring that integration topics are adequately dealt with in the ECMT and its subsidiary bodies.
- Writing reports and organising seminars to disseminate existing good practices.
- Making recommendations to countries and regions on integration issues, including liberalisation and harmonisation in their transport systems.

Integration issues was one of the discussion blocks at the Council of Ministers meeting in May 2000 in Prague and several documents were prepared for the ministerial meeting.

Implementation of the Helsinki Pan-European Transport Conference Declaration (1997)

The Declaration, which was adopted by the Third Pan-European Transport Conference, held in Helsinki from 23-25 June 1997, lays down the framework for a Pan-European transport policy. ECMT conducted a survey on the implementation of the Helsinki Declaration in ECMT Member countries. The survey did not include EU Member States or countries currently involved in the process of pre-accession to the EU. The report [CEMT/CM(2000)15] was prepared for the Council of Ministers in Prague to describe progress, specific ECMT activities, remaining problems and ways forward and showed that while many actions are being undertaken to implement the Declaration, many problems are still outstanding.

These vary by countries or Groups of countries but can be summed up as follows:

- Inadequate financial resources to maintain the system properly or to invest in new or upgraded infrastructure.
- Major declines in the use of railways, especially for freight, necessitating extensive restructuring and staff lay-offs.

- Difficulties in crossing borders and in obtaining permits and visas for international road transport.
- Uneven progress in implementing policies to liberalise and deregulate the sector.
- Severe problems in some regions such as the Balkans where wars have damaged the transport system.
- Problems of road charges that do not reflect costs or principles of non-discrimination; Environmental problems due to inadequate resources to renew fleets and growing pressure from increasing road transport.
- Poor road safety records in many countries.

While many of these problems are being addressed in the new ECMT programme of work, and also in the work of other organisations, a great deal remains to be done to implement the Helsinki Declaration. The approach set out in the above document was agreed by Ministers as being the appropriate one.

Triennial Programme of Work

The detailed ambitious but flexible Work Programme of the ECMT [CEMT/CM(2000)18] was prepared for the next three years. It describes the transport challenges that countries face and sets out the institutional framework within which the ECMT works. It lays out priorities for ECMT work, which in the broadest sense, continue to be integration and environment topics.

The programme of the Integration Group includes the following tasks:

- Continue the work on strengthening market integration and reducing obstacles to international transport for all modes.
- Prepare a document containing relevant and valid ECMT Resolutions adopted since 1965.
- Monitor the implementation of the Resolution on the Removal of Obstacles at Border Crossings for International Goods Transport.
- Review progress on legal harmonisation and adjustment of transport systems in ECMT new Member countries.
- Continue the work on transport infrastructure financing, in particular Public-Private Partnerships (PPPs).
- Continue discussions on specific transport problems and needs in integration process in different European regions.
- Prepare policy reviews of the “newest” Member countries. These reports could also analyse how the provisions of the Helsinki Declaration are implemented in these countries.
- Continue exchanges of information on transport policy developments and activities in EU and ECMT Member countries.
- Prepare and analyse overviews on Regional Transport Conferences for consistency and how they can contribute to the development of pan-European policy.

Priorities will be determined on a continuing basis.

Update of Key ECMT Resolutions

Work to review the ECMT Resolutions was started by the Integration Group in accordance with a decision made by the Committee of Deputies at its April 2000 Session and then endorsed by the

Ministerial Council in May 2000. The basic idea is the elimination of outdated ECMT documents (Resolutions and Recommendations) and the simplification, where possible, of existing documents by grouping some of them into a small number of consolidated documents (Resolutions).

It was recommended to the Groups that the review of Resolutions, within their responsibility, might try to:

- Define those Resolutions that remain relevant.
- Consider whether it would be useful to prepare one or more consolidated resolutions which bring the main points of the existing Resolutions together.
- Examine the main points in the existing resolutions that still have to be implemented.
- Examine whether a brief summary of the situation concerning the implementation of the Resolutions might be appropriate.

The responsibility of the Integration Group concerns five documents: border crossing issues (94/5 and 99/2), transport market issues (95/1 and 99/1) and legal harmonisation (99/1).

It was hoped that the final output of this work could be presented to the Council of Ministers in May 2002 in Bucharest, or in Brussels in 2003.

Transport in Balkan Region

The Balkans is a very important strategic area for European trade and transport. A summary note on the subject was prepared for the Council of Ministers in Prague. The report and its conclusions about the role that ECMT can play were noted there.

It is also important that the many initiatives in the region are well co-ordinated. ECMT is ready to contribute and to do everything possible to ensure that the transport infrastructure and systems will be efficient in the region. Meanwhile, the political framework of ECMT and the recommendations and resolutions adopted provide a solid framework for progress.

The Terms of Reference for a Transport Infrastructure Regional Study (TIRS) in the Balkans Region were prepared in co-operation with the European Commission and the EIB. This new study, financed mainly by the French Government, will start early in 2001. Its main objective will be:

- To establish the basic inter-regional transport infrastructure networks needed in the Balkan region.
- To identify major long distance routes in the region.
- To define a coherent medium term network for planning.

Co-operation with EC and Phare Multi Country Transport Programme Coordination Unit

Co-operation in several projects and studies prepared and completed in the Phare Multi Transport Programme Coordination Unit continued. Representatives of the Secretariat participated in the Steering Groups of several Phare activities, including studies on Transport and the Environment, Safety and training activities. The results of the Phare Transport Projects are important for CEEC countries and the ISPA Programme, and ECMT is studying how it can contribute to following these up in a practical way in the future.

Preparation of the Transport Policy Forum (February 2001)

In autumn 2000 ECMT began to take steps to organise a Transport Policy Forum on the topic of Transport Policies in the Countries of Central and Eastern Europe - A Decade of Integration: Results and New Challenges (26 - 27 February 2001 in Paris). This was intended to help prepare the discussion on Integration issues at the ECMT Ministerial session in Lisbon in May 2001.

The objective of this Forum is to have a high level and wide ranging exchange of views on the integration of transport systems and policies, reviewing successes and failures, and the continuing and emerging challenges for integration.

Integration remains an important topic within ECMT and the Integration group serves as a coordinating body to ensure that work within the ECMT fully reflects the needs of its newer members.

B. RAILWAYS

Work on railways in 2000 concentrated on preparing a Council debate on regulatory reform for rail freight services. The fundamental objective of reform is twofold: improvement of efficiency; and improvement of competitiveness in freight markets. Regulatory reform is intimately linked to structural reform to which there are two distinct elements in Europe: restructuring of railways nationally to create business units and financial relationships between them that provide incentives for improved control of costs and quality of service; and restructuring internationally to create business structures better adapted to serving markets in an increasingly integrated European and world economy. Progressive liberalisation of rail freight markets is being pursued, notably in the European Union, as an essential component of regulatory reform at the international level, with the introduction of competition between freight train operators.

The report approved by Ministers concludes that there is no single model for regulatory reform that can be applied to all railways. Different rail markets are likely to require different forms of regulation to maximise efficiency and the mix of markets for rail services differs from country to country. Under any model, the primary challenge in defining the regulatory framework is to manage the risks of monopoly abuse effectively whilst avoiding intervention that stifles the functioning of the rail freight market. The risks of over and under regulation have to be balanced in order to maximise the benefits for the economy as a whole. The key implication of this report is that a railway industry structure needs to be created or encouraged that, whilst preventing the development or abuse of captive markets, will provide the necessary balance between:

- Improvement of services to customers and the achievement of economies of scale in the movement of freight through international consolidation.
- The provision for intra-modal competition to develop and provide stimulus for innovation, improved cost control and service quality.

Explicit policy at the European level towards mergers and acquisitions that significantly undermine competition needs to be developed to guide the actions of national and EU competition authorities. This applies in particular with respect to requirements to divest parts of the merged

businesses rather than simply blocking problematic mergers and also policy towards companies that enjoy protection in their home market but seek to enter markets or acquire companies in other countries where there are no barriers to their entry.

De-regulation of railways in countries as diverse as the USA, Japan and New Zealand suggests that relatively light touch regulatory regimes are more successful than detailed prescriptive regulation in achieving the correct balance between these objectives. For freight railways in particular, the North American record suggests that an effective route to improving performance is to restrict detailed intervention to cases where: there is an appeal to the regulatory authorities from an aggrieved party; or railway companies wish to merge and there is a need to preserve competition. In regions where there is little or no existing competition between rail companies intervention will, however, be required where the exercise of access rights can be obstructed by incumbent operators.

In the EU and some other places intervention has included separating infrastructure management from train operations. The task of regulating vertically separate infrastructure companies has proved difficult, for example in the United Kingdom, and satisfactory incentive regimes have yet to be developed. This is not to say that effective regimes cannot be developed, but in some respects achieving an effective regulatory regime for separate infrastructure managers may be more difficult than for vertically integrated railways.

Where infrastructure has been separated from operations, charges for the use of infrastructure are regulated and marginal social costs have generally been adopted as the basis for determining charge levels for freight. However, studies¹ suggest infrastructure charges at marginal social cost levels will fall short of covering total infrastructure costs by as much as 40% or more. To cover the shortfall, there is a range of options from full public subsidy to various charging systems that do cover total costs with a lesser degree of efficiency in terms of infrastructure charges. The report has since been published and a summary can be found at <http://www.oecd.org/CEM/topics/council/cmpdf/CM0019Fe.pdf>

The discussions in Prague highlighted that given the strong accent Ministers put on the role of railways in achieving sustainability, and in particular in getting traffic off the roads, it might be useful to undertake a review of the possibilities, the successes and weaknesses of policies and measures to shift road traffic to the railways. The Railway Group was assigned this task in collaboration with the Group on Combined Transport and the Group on Transport and the Environment. A report should be presented to the Council of Ministers in 2002.

C. ROAD TRANSPORT

The Council of Ministers took several decisions that should enable further progress to be made towards the harmonisation of road transport in Europe.

1. See CEMT/CS(2000)15.

Ministers first adopted a consolidated resolution **concerning the rules to be applied for international freight transport by road**. This text, which contains provisions consistent with European Union requirements, replaces several earlier ECMT resolutions on the same subject. It deals in particular with the conditions of admission to the occupation of international transport operator: to operate as an international road freight haulier, a licence is required and is delivered on the condition that the applicant is of good repute and adequate financial standing and meets the requirements for professional competence. Each of these criteria is defined in the Resolution adopted, which also contains provisions on the withdrawal of licences in the event of non-compliance with requirements. The Resolution deals specifically with access to the market for international road freight transport services: it lists the transport categories that are exempted from multilateral and bilateral permit requirements and sets out permit requirements for other categories. The social and fiscal provisions applicable to international road freight transport are also defined; they are aimed at ensuring compliance with the European Agreement concerning the work of crews of vehicles engaged in international road transport (the AETR) and that fiscal measures and charges are implemented in a transparent manner without discrimination. Lastly, the Resolution stipulates that Member countries should afford each other mutual assistance in applying the Resolution and penalties for any infringements.

EURO 3 standards for new heavy diesel lorries, which came into force in October 2000, enable a reduction of NOx emissions to 5.0 g/kW/h (9.0 g under the EURO 1 standard). In order that this new vehicle category may be taken into account in the ECMT's **multilateral quota** system, the Council of Ministers adopted a Resolution on introducing a special quota for "EURO 3 safe" lorries as of 1st January 2002. It is proposed that, between now and then, an exchange rate be defined with a view to gradually giving priority to « EURO 3 safe » lorries, bearing in mind that, from 1st January 2002, only "green", "greener and safe" and "EURO 3 safe" lorries will benefit from ECMT licences.

The agenda for the Meeting specifically provided for the Council to discuss the **social aspects of international road freight haulage**. In May 1999, the Council of Ministers, meeting in Warsaw, considered that it would be appropriate at the level of the ECMT to establish minimal social requirements which would promote improved working conditions with regard to road transport activities, prevent distortions in competition, improve road safety, safeguard the health of workers in the sector and, in general, improve the quality of transport services. In order to facilitate their discussion of this issue, Ministers received a note informing them about the work the Conference had done so far, in particular on issues concerning the definition of working time, the average working week and compensatory hours, work breaks and night work, as well as on the links that could be made between the minimum prescriptions on working time and the development of the multilateral quota. This work had resulted in some progress on establishing a common policy on controls and penalties, which did not as yet exist either under the European Unions social regulations or under the AETR.

The lively discussions prompted by this document resulted in a number of new guidelines for the future work of the ECMT with the aim of promoting social harmonisation and, possibly, enabling further liberalisation of international road freight haulage. Among the approaches mentioned, one warrants special mention: the possibility of further liberalising international road freight haulage through an increase in the ECMT multilateral quota, as and when the Council of Ministers deems that sufficient progress has been made in removing distortions in competition between Member countries, particularly in the social conditions applicable to international road haulage. The Council also decided to draw up a draft Resolution on effective enforcement of existing regulations on driving and rest time for drivers of road freight vehicles.

Besides social aspects, a number of Ministers reported that their hauliers were encountering difficulties in making full use of their licences under the ECMT multilateral quota in countries participating in the Schengen Agreement. These problems underline the need for an examination of the wider consequences for international road haulage of subcontracting and the international re-location of certain hauliers. The Council instructed ECMT to report on these issues.

The Group therefore concentrated its work in 2000 along the lines drawn up by the Council of Ministers in Prague, i.e. complete the mandate given by the Council to introduce EURO3 standards in the multilateral quota system from 1st January 2002, to complete and improve the Guide for Government Officials and Carriers on the use of the multilateral quota, to meet the needs for social harmonisation in international road freight haulage and the worries expressed on visas for professional drivers.

In order to achieve this task, a Sub-Group has been set up to update and amend the Guide on the multilateral quota. The Group could then focus on social aspects of road transport.

D. COMBINED TRANSPORT

The work undertaken since 1997 on short sea shipping had been completed at the Council of Ministers of Prague, with a report and recommendations on short sea shipping as an alternative or complementary mode. A publication of this material together with two previous reports is to be produced in 2001. The Group on Combined Transport will now focus on a survey of national measures for the promotion of combined transport, on the same basis as a previous study completed in 1996.

Of particular note is the call for a significant road-rail modal shift called for by several Ministers during the debate on sustainable development in Prague, and taken up by the two groups concerned, railways and combine transport, which should contribute to a further Ministerial debate on railways, in May 2002.

Following on from the Council of Ministers, the Group agreed that virtually all forms of transport -- whether intermodal or combined -- that could take traffic off the roads, should remain within its remit. Some Delegates went so far as to say that it was the container that determined which type of transport should be studied: regardless of the freight carried, the container was invariably a road transport container and, to optimise transport, it would be necessary to conduct an inventory of a number of routes with capacity for higher volumes and new forms of transport. In this context, the activities of the Group are focussed on:

- Identifying the causes of breaks in trends - a first step would be the joint meeting of the Group on Railways and the Group on Combined Transport in May in October 2000 - including an analysis of weaknesses, particularly in the network of combined transport terminals.

- Considering the advisability of studying specific combined transport routes in addition to the UN/ECE and OECD studies.
- Establishing good practices in combined transport development.

Lastly, the second edition of the Terminology on Combined Transport, prepared by the three international organisations, ECMT, ECE/UN and the European Union, has been published by the end of the year in English, French, German and Russian. It is also available on the three internet sites.

E. FISCAL AND FINANCIAL ASPECTS OF TRANSPORT MARKETS

A group on fiscal and financial aspects of transport was established in 1998. Its initial task was to complete work, unfinished by the Task Force on the Social Costs of Transport, on the relationship between fiscal aspects of policies towards the internalisation of the external costs of transport and existing transport taxes and charges. In 1999 it was also charged with examining road freight transit charges as mandated at the Warsaw Council from the point of view of fairness and in relation to facilitating international trade.

In order to address both issues, as well as respond to many requests for information comparing the tax systems of Member countries, the group concentrated on developing a comprehensive methodology for making quantitative international comparisons of transport taxes and charging systems. In order to do this it was also necessary to review the economic principles for efficient taxation. Work focussed on road freight transport in nine countries. At the Prague Council in 2000 ministers debated the resulting report and recommendations on efficient transport taxation and agreed a resolution on charges and taxes in international road haulage.

The analysis highlighted the following policy issues:

- What needs to be done to avoid differences in charges distorting competition.
- What forms of international tax harmonisation are desirable and where different levels of charges are to be expected and accepted.
- The choice to be made between efficiency in the use of infrastructure and infrastructure cost coverage.

According to classical economic theory, in order to maximise social welfare, transport charges should be based on social marginal costs. That is the costs of providing an incremental unit of transport service including related external costs (mainly health, environment, accidents and congestion) to the extent that these can be identified. In order to achieve this the instruments used to levy taxes must be differentiated to reflect marginal costs as closely as is cost effective.

The work concludes that a shift towards differentiated territorial based charges (away from more purely fiscal, national charges) is required both for efficiency and to avoid problems of international competitiveness. This implies moving partially away from vehicle excise duties, fuel taxes and the Eurovignette towards electronic km-charges and road tolls that can be varied in function of time and

place as far as politically feasible. The Resolution adopts these broad principles together with principles for avoiding discrimination in charges levied on international road haulage, in a coherent framework.

F. TRANSPORT AND ENVIRONMENT

The ECMT strives to influence the development of transport policies towards more sustainable paths. Our work aims to promote practical steps to improved environmental protection and more integrated decision making. The Council of Ministers regularly debates transport and environment issues and recent Council Recommendations and Resolutions cover reducing CO₂ emissions from vehicles, internalisation of the external costs of transport, ending the use of leaded petrol and incentives to replace dirty vehicles with less polluting ones.

In 2000 work focussed on preparing a debate at the Prague council on the development of more sustainable transport policies. In opening the Council, President Vaclav Havel called on Ministers to "devote more attention to making transport sustainable as in this time of globalisation it is increasingly important to protect landscapes, the environment and our cities from the adverse impacts of transport". In response, Ministers agreed to a statement on Sustainable Transport Policies, setting out a common strategy and available in full at <http://www.oecd.org/CEM/pub/pubpdf/SustainE.pdf>

The strategy concludes that whilst external pressure for improved environmental protection has, over the decade since the Council's Comprehensive Resolution on Transport and the Environment, resulted in improved planning and regulation of the transport sector, meeting the challenge of developing sustainable transport policies is now going to require a proactive lead from Transport Ministers. The emphasis will be on integrating sectoral policies. Integration of transport and environment policy is a two way process and transport Ministries cannot make their full contribution to sustainability unless the traffic and mobility impacts of decisions taken outside the sector are given adequate consideration. Transport Ministers thus will have a significant role in shaping fiscal policy where it affects transport prices. Transport Ministers also need a stronger voice in land use planning decisions if unsustainable traffic generation is to be avoided and similarly in other areas such as housing and regional development policy, traditionally the responsibility of environment and other Ministers.

To achieve better policy integration, initiatives are particularly recommended in the following specific areas:

- Transport Ministers should advise Finance Ministers on ways charges and taxes for the use of transport infrastructure can be developed to improve the efficiency of the transport sector. This should be done both in the national context and in international institutions such as the ECMT to ensure coherent developments in this field across the continent.
- In making economic assessments of potential investments in transport infrastructure, transport and infrastructure ministries should take full account of distortions in transport prices. Assessments should also identify clearly how benefits are expected to accrue to target

beneficiaries and take account of the way these benefits are likely to be captured by other economic groups over time, for example through changes in behaviour and in the location of industry. In seeking public funds for projects that have passed stringent cost benefit analysis and environmental evaluations, more weight should be given to objective tests of financial returns as opposed to arbitrary spending limits.

- Transport Ministers should seek to establish joint consultative procedures with planning authorities at local level and Environment, Housing, Public Works and Regional Development Ministers at a national level, to subject transport projects to environmental impact assessments and land use plans to assessments of transport impact.

In the long term transport ministries will increasingly see a change in emphasis in their role and will be seen less as a simple provider of transport infrastructure and more as responsible for the intelligent management of the transport system as an integrated whole.

In support of the strategy reports were prepared on Quantifying CO₂ Abatement Policies, Reducing Vehicle Emissions, Assessing the Benefits of Transport and Strategic Environmental Assessment. All have since been published. Significantly, in the run up to the Council debate, an additional Ministerial meeting was organised in Turin in March 2000 jointly with the vehicle manufacturing associations OICA and ACEA, entitled Smart CO₂ Reductions. This examined the large potential of non-product measures (i.e. measures other than improvements to vehicles) for reducing emissions of CO₂ from road vehicles. The event was held in Turin not only because the President in office of ACEA at the time was Paolo Cantarella of FIAT but because of the experience of the city of Turin in reducing CO₂ and other emissions and relieving congestion through an integrated set of measures to improve traffic management. These are the result of a partnership between the city government, city transport authority, transport research institute, telematic system providers and vehicle manufacturers and provide a good example of how information technology can be exploited successfully to produce emissions reductions in practice. The conference also examined the potential for influencing driver behaviour and attitudes, improving vehicle maintenance, the potential of vehicle fleet renewal and fiscal incentives and aspects of infrastructure provision. The conference showed clearly that non-product measures have very significant potential to deliver CO₂ reductions, and deliver them quickly and often cheaply. There remain difficulties in quantifying the potential of some measures, particularly vehicle scrappage and replacement incentives, which means care must be taken in assessing cost effectiveness. Improved driver behaviour, better vehicle maintenance and higher tyre pressures were identified as clear areas where reductions can be achieved very cost effectively. Full details can be found at <http://www.oecd.org/CEM/topics/env/CO2turin.htm>

G. ROAD SAFETY

Safety is one of the most important aspects of a sustainable transport policy and guaranteeing particularly vulnerable road users a real mobility that is also safe is a concern that has been voiced on numerous occasions by the Council of Ministers of the ECMT. In order to officialise their action in this field, at their Prague meeting Ministers adopted a declaration on safety in road traffic for vulnerable users. This text is based on three separate studies devoted to cyclists, pedestrians, and

moped riders and motorcyclists, respectively assembled in a single publication. The text reaffirms the need for all countries to implement the measures recommended in the resolutions on cyclists, pedestrians, moped riders and motorcyclists adopted at previous sessions of the Council. It also draws attention to the need to develop strategies to bring about the necessary changes, particularly behavioural changes, which cannot be achieved by legal provisions alone. The Declaration approved by the Ministers requests the ECMT to continue with its work in this area with a view to framing recommendations that would provide a basis for developing appropriate regulations.

After the Prague Council, Deputies set out new directions for action to "revitalise" road safety discussions within the Council of Ministers. They also made reference to quantitative objectives, a topic which was being considered by the European Union, but also mentioned other items such as the in-depth analysis of the road safety policies of given countries (peer review), the practical implementation of ECMT Resolutions, and greater participation by Member countries in the work of the Group. Although the Group's programme of work had already been laid down until 2002, he agreed to discuss and to take account of the suggestions made when deciding upon its future activities.

The main activity of the Group in 2000 has been the preparation of a report and recommendations on **Road safety and ageing population**. Taking into account work undertaken by the OECD's programme of co-operation in the field of research in road transport and intermodal linkages on mobility needs and safety problems of an ageing society (ERS4), the Group tried to have an approach common to the European countries for safe travelling of ageing people. The objectives of the ERS4 Group differed somewhat from those assigned to the Group and sometimes tied in with those of the ECMT Working Group on transport for people with mobility handicaps. It was nevertheless acknowledged that there was a broad area of shared interests between the ECMT Groups and the OECD Group. Although car use had not reached the same proportions as in the United States, there were many areas where the issues were identical. It was also noted that the combinations of measures required was often advantageous for all road users and was conducive to sustainable development. Many aspects related to the action taken by government and an initial discussion by Ministers in this respect might prove to be extremely useful. The two Groups agreed that it would be preferable to produce a single report and a single set of conclusions and recommendations for submission to Ministers in 2001.

Preliminary work was also carried out on **safety strategies on rural roads**. The Group has, as background material, a survey published in 1998 by OECD on this subject. It nevertheless clearly appeared that it was necessary to take better account of the specific particularities of ECMT Member countries. It is foreseen to submit a report on this subject to the ECMT Council of Ministers in 2002.

Lastly, on the invitation of the Czech Delegation, the Group will held a **Seminar on the quality of road safety policies** in Prague, on 14 and 15 March 2002. The first letter of invitation, designed to draw the attention of delegations and to determine who might participate in the Seminar, had already been sent out to Deputies, delegates to the Group and the International Organisations concerned.

H. TRANSPORT FOR PEOPLE WITH MOBILITY HANDICAPS

Improving access to all modes of transport for everyone has been one of ECMT's priorities for many years now. Work in 2000 continued the good progress made over recent years.

In connection with the preparation of the new ECMT working programme a review of the activities carried out under the previous programme from 1996 to 2000 showed that several important contributions had been made over the period, including:

- The publication of “Transport for People with Mobility Handicaps: A Guide to Good Practice”.
- The adoption and publication of the Charter on Access to Transport Services and Infrastructure.
- A Review of how legislation can help improve access, available on the Internet site.
- Reports on consultative arrangements with people with disabilities, also available on the Internet site.
- A Round Table and follow-up on the issue of ageing.
- A report and resolution on the implementation of Reciprocal Recognition of parking facilities.
- A report and recommendations to standardisation bodies on tactile surfaces and audible signals.

The close involvement with other international organisations and with people with disabilities was a feature of the activities. Also worth mentioning is the very rapid development of the Internet site.

In drawing up a new programme the following general considerations were taken into account:

The Group believes strongly that accessibility issues should be in the mainstream of transport policy considerations and not, as is often the case, treated as an additional or secondary consideration. To give further force to this principle, the Group believes that the content of the work should be altered to bring it closer to mainstream issues. In particular, the challenges to policy posed by the ageing of the population should be taken on by the Group, obviously without forgetting the particular issues and problems faced by particular groups of the mobility handicapped. It is important to reinforce this more general message by changing the name of the Group to “Transport Accessibility for Older and Disabled People”.

One problem with the work to date has been in turning the forward looking policy statements from Ministers into practical action at working level to change policies. Results have varied considerably between countries. The Group will devote greater attention in future to bridging the gap between statements of intent and implementation.

In the same vein, the Group has always worked closely with operators through national and international associations. Some of these links need to be strengthened so that the commitment and the understanding of the practical difficulties of implementation are shared.

Substantial progress has been made to improve individual links in the transport chain. But few countries take an integrated approach to the need to improve all the parts of the transport chain.

The Seminar in Gothenburg in September 1999 gave a new focus to this question and it should become a stronger accent of the work in the future.

Progress in CEE Countries remains uneven. The Group will try to continue to strengthen the involvement of ECMT's new Members in its work making it as practical and relevant as possible. In a similar spirit, relations with Associate countries would also benefit from being strengthened.

Based on these principles, Ministers adopted the new programme for ECMT in Prague in 2000. The three-year ECMT Work Programme [CEMT/CM(2000)18] contains several tasks for the Group:

1. Identify bottlenecks or blockages in the transport chain and work to eliminate them; this concerns particularly the pedestrian environment where a review of progress should be undertaken. A seminar on implementation (possibly in the Netherlands) could be organised.
2. Complete taxi report with IRU. Draw up recommendations.
3. Complete ongoing reports on ageing and incorporate this aspect into the work of the Group.
4. Review progress in implementation of access to public transport in a Task Force with UITP.
5. Review methods for evaluating and monitoring progress in improving accessibility; this could be combined with new information on the size and nature of the "market" for transport for people with mobility handicaps and assess the policy implications.
6. Examine the particular problems facing people with learning or cognitive difficulties.
7. Regularly update past reports on legislation, consultative arrangements, fare concessions and parking concessions.
8. Review progress with Associated Member Countries to assess strengths and weaknesses of the different approaches.
9. Maintain and develop Internet site so that information can be available to all, including to countries outside ECMT.

All of these would be kept under review and taken up to the extent that resources permitted.

In 2000 discussions on the implications of an ageing population continued. A joint meeting was held with the Road Safety Working Group with a view to preparing harmonised messages for ministers on accessibility issues and road safety ones. Reports are being prepared for the 2001 Ministerial.

The joint IRU -ECMT Taxi Task Force continued its work. The origin of this work lay in the slow progress in implementing the 1992 ECMT Resolution on improving access to taxis. The study is focussing on the economics of improving taxi accessibility. The report is near completion and it will be presented to the appropriate authorities in ECMT and IRU for approval during 2001.

As part of an effort to streamline ECMT's resolutions and decisions, the Working Group began the task of consolidating all the decisions of Ministers and the main political recommendations in one text. This work will be presented to Ministers in 2001. Such a consolidation will provide a summary,

especially useful for new member countries, of the main actions that need to be carried out in this domain.

Initial steps were taken to set up a Task Force with the UITP on improving access to public transport services. This would be practical follow-up work to existing studies in low floor buses, including the report.

Work in 2001 will focus initially on the preparation of material for the Lisbon Ministerial where a first discussion will take place on the topic of ageing and where a consolidated resolution will be prepared.

ECMT wishes to continue to be a key forum for discussion of accessibility issues and for implementing good practice so that the transport system is better for everyone.

I. CRIME IN TRANSPORT

Transport related crime is a serious and growing problem. Transport Ministries are one of several actors able to contribute to the reduction of crime.

The ECMT Council of Ministers in Berlin (1997) and in Warsaw (1999) adopted Resolutions on Crime in Transport. Following these Resolutions the ECMT was asked to set up appropriate methods and structures to contribute to the fight against crime through focussed actions on particular issues, including progress in implementing the recommendations in the Resolutions.

A multidisciplinary Steering Group on Combating Crime in Transport consisting of representatives from different backgrounds (Transport Ministries, police, customs, insurance, industry, etc.) was set up at the end of 1999 with the following objectives:

- Make proposals on how ECMT can contribute effectively to implementing the two Resolutions on Crime in Transport.
- Suggest priorities for ECMT work, in line with the decisions of Ministers.
- Guide particular projects that are to be undertaken.

The Terms of Reference for the Steering Group were approved by the Committee of Deputies in April 2000.

Immediate priorities were identified as follows:

- Undertake work to obtain and make available comparable information on transport crime, focussing on theft of vehicles and goods, attacks on drivers, data on fraud in the transit systems.
- Examine how anti-theft devices and communication systems including those which allow vehicles and wagons to be tracked and monitored in real-time can be introduced.
- Update the IRU/ECMT handbook on parking provisions, improving it where possible.

The two Studies on the above immediate priorities were started at the beginning of 2000. The first focused on obtaining comparable information on transport crime in national information databases concerning theft of commercial vehicles and goods. The second was concentrated on the anti-theft devices and vehicle tracking systems used for commercial vehicles in Europe. The co-operation with concerned international organisations and also with national bodies was established and questionnaires were distributed to the countries and interested organisations with a deadline for answers to be received by March 2000.

On the basis of these Studies, two reports were prepared in 2000 by the Steering Group with a view to finalize and present to Ministers in 2001.

Theft of Goods and Goods Vehicles

The bulk of the data available in this Report is kept by police authorities or statistics departments within the Ministries of Interior. Data from 23 countries describe the methodologies used in Europe and demonstrates that there is no simple way to provide a clear picture of the extent and nature of the theft of goods and commercial vehicles in Europe. Despite the caveats, the data show that theft of goods and vehicles is a significant problem costing many millions of Euro. A set of recommendations is under preparation for presentation to Ministers.

Improving Security in Road Freight Vehicles

The draft report shows that the range and sophistication of anti-theft devices and after-theft systems available on the market is increasing rapidly. In particular, there are new developments to track the goods themselves throughout transport. More goods vehicles are being equipped with such devices but goods vehicle crime is still increasing. There are also some barriers to the wider introduction of these systems and equipment. Hauliers often underestimate the risks, manufacturers do not want to fit them as standard, insurance companies do not always give premium reductions, technical standards do not yet exist. Fitting anti-theft devices to vehicles and developing after-theft systems are only a part of a broader strategy to combat road freight transport crime. Such a strategy, to be successful, requires co-ordination and co-operation of many actors. At present this co-operation is not widely developed.

A set of recommendations for Ministers and other actors involved is being prepared for presentation to Ministers.

Perspective for 2001

The drafts of the above Reports will be finalised after the 2001 Spring meeting of the Steering Group and then submitted to the Council of Ministers meeting in 2001, together with a draft of recommendations and conclusions. Other issues concerning Illegal Immigration, Fraud in Transit Systems and Crime in Railways were also discussed by the Steering Group in the year 2000.

J. SUSTAINABLE URBAN TRAVEL

Begun in 1998, this project was designed as a follow-up to the work undertaken in the early 1990s which led to the 1995 publication Urban Travel and Sustainable Development, which proposed a three-part policy strategy for bringing about sustainable transport in cities. Ministers in Annecy in 1994 then requested that ECMT review country policies in light of the recommendations set forth in this report. This current project responds to that mandate, and was carried out in association with the OECD Environment Directorate and the Urban Affairs Division of the OECD Territorial Development Service.

In this second body of work, the focus was on implementation of sustainable policies for urban travel, in particular: why sustainable transport policies are so difficult to implement in cities; where the barriers to implementation lie, and what strategies are available to countries and cities to overcome these difficulties. At the July 2000 meeting of the Enlarged Bureau of the Committee of Deputies, it was proposed to present the findings of this work to the Council of Ministers in Lisbon in May 2001.

The project was comprised of three principal parts: a series of workshops on particular themes related to sustainable urban travel; a survey of cities, and a series of national urban travel policy reviews. The findings of these activities will constitute the basis of the final report to be sent to Ministers at their Council in Lisbon in May 2001.

Throughout the project's course, the work was overseen by a Steering Group of experts representing transport, environment and spatial planning ministries and local agencies from ECMT and OECD countries. This Group was enlarged in the final phase of the project in preparation for review of the project findings by Ministers.

Workshops

In 2000, the two final workshops in the project were carried out. In June, the ECMT along with the Direction Régionale de l'Équipement d'Ile de France (DREIF) organised a seminar on "Evaluation Methodologies for Infrastructure Investments and Urban Sprawl", which examined how current methodological tools are impacting infrastructure investments in urban areas and possible links with urban sprawl.

The fifth and final workshop of the project, entitled "Overcoming Institutional Barriers to Implementing Sustainable Urban Travel Policies", was then held in Madrid in December and was hosted by the Ministry of Public Works and Infrastructure of Spain. The workshop examined how institutional actors can better work together to improve the effectiveness of strategies for sustainable urban travel.

The expert papers and conclusions of all of the workshops can be downloaded from the urban travel section of the ECMT website: <http://www.oecd.org/cem/UrbTrav/index.htm>

Survey of Cities

A comprehensive Survey of Cities was carried out in 1999-2000 with the collaboration of the French transport institute CERTU (Lyon). The survey provided a wide breadth of information about travel activity in ECMT and OECD cities and implementation of sustainable urban transport policies.

The survey involved revisiting the 132 cities surveyed in the first round of work (1992-1995) to assess progress made in the development and implementation of sustainable urban transport policies since that time. The sample was broadened from the initial 132 cities to improve representation in Member Countries, notably in ECMT's Members of Central and Eastern Europe and the former CIS. In total, 167 cities from 32 countries responded to the survey out of a total initial sample of 328 cities.

The questionnaire was based on that sent out in the context of the previous project and re-configured to try to improve response rates on certain questions and put emphasis on policy implementation.

Analysis of the questionnaires was carried out by the CERTU. A draft synthesis report has been prepared, and will be published upon its completion.

The national urban travel policy reviews

In-depth peer reviews

Following the first in-depth peer review of the Netherlands, carried out in June 1999, a second review was held 21-23 June in Hungary under invitation of the Hungarian Ministry of Transport. The review team again was comprised of three peer experts, this time from France, the Netherlands and the United Kingdom. Two ECMT Secretariat members also participated in the review.

The Dutch review report was published in January 2001, and the Hungarian report will be published by the ECMT in 2001.

“Self reviews”

Those countries not undergoing an in-depth peer review were requested to carry out a so-called “self-review” of urban travel policy. Eleven countries completed self reviews: Czech Republic, Finland, France, Germany, Italy, Norway, Poland, Portugal, Russian Federation, Switzerland and the United States. A synthesis report of these self-reviews was prepared and will be published by the ECMT in 2001.

With an overall focus on implementation, the reviews provided participating countries with the opportunity to identify strengths and weaknesses in their policy and administrative processes that impact the implementation of sustainable urban transport policies.

CHAPTER III

ECONOMIC RESEARCH, STATISTICS AND DOCUMENTATION

Since 1967, the ECMT's Economic Research and Documentation Division has been developing its activities in research and documentation, with the potential for deeper complementary analyses through the ECMT's political approach.

As of 1994, the Economic Research and Documentation Division became the Economic Research, Statistics and Documentation Division, to include statistical studies previously assigned to the Politics Division.

It is the Economic Research Committee (ERC) which supervises and determines the general orientation of the Economic Research, Statistics and Documentation Division. The Committee is regularly informed of progress with the preparation of the different events organised by this Division and their outcome. In 2000, the Economic Research Committee met once.

A. ECONOMIC RESEARCH

As mentioned above, the Economic Research activities are developed on the basis of a programme of research themes, the general content of which is defined by the ERC. A consistent programme of research topics implies a sufficiently long lifespan and, in practice, a programme covers three years and includes one Symposium, one or more Seminars and about twelve Round Tables, as detailed below.

- a. **Symposia** are held every three years and attract a wide audience of prominent figures from the transport field (research, operation, government departments, users, personnel; approximately 400 participants).

The ERC defines the general topic and subtopics for a Symposium; it selects the session chairmen and *rapporteurs*.

- b. **Round Tables** are held four or five times a year, except in the year of a Symposium or Seminar. During the Round Table, a limited number of highly-qualified specialists (about 30) studies a specific topic in detail on the basis of one or more background reports. The topics for Round Tables are defined by the ERC.

- c. *Seminars* are *ad hoc* meetings on topical subjects and are intended for a fairly wide range of specialists (approximately 100). A proposal to hold a Seminar may come from quite different sources; it is submitted for approval to the ERC which draws up the organisation plan for the Seminar.
- d. *Regional Round Tables* are held at the initiative of one or more Member countries when they consider it useful to study, from their own angle, a specific subject which has often already been discussed at a general Round Table.

During 2000, the Economic Research Division organised the following events:

- **15th International Symposium**, “*Key Issues for Transport Beyond 2000*”, held in Thessaloniki (Greece) from 7-9 June 2000.
- **Round Table 117**, “*The Economic Evaluation of Road Traffic Safety Measures*”, held in Paris on 26-27 October 2000.
- **Round Table 118**, “*The Economic Objectives of Introducing Tolls on Intercity Road Infrastructure*”, held in Paris from 30 November-1st December 2000.

1. SYMPOSIUM

The ECMT’s 15th International Symposium on Theory and Practice in Transport Economics, held on 7 to 9 June 2000, was attended by over 400 participants. The Symposium was hosted by the Aristotle University of Thessaloniki and its main theme, “*Key Issues for Transport Beyond 2000*”, was divided into three topics, each discussed at a separate session led by a panel:

1. Scenarios, forecasts, data collection: experience and prospects.
2. Transforming economic and institutional structures and technological trends: experience and prospects.
3. Peripherality and pan-European integration: experience and prospects.

These sessions were followed by a final Round Table of senior experts from the research and policy-making fields, who addressed the following issue: “Efficiency, equity and the environment in transport: experience and prospects.

A brief account of some of the key ideas to emerge from the discussions at the Thessaloniki Symposium is given below.

1. *Statistical systems inadequate, but scenarios are nonetheless disquieting for rail transport*

Transport processes have been marked by great leaps forward, i.e. by structural changes brought about either by technology (high-speed trains, for instance) or policy, as with the creation of the Single Market. Two recent changes have been even more striking: environmental protection and customer satisfaction, which has gradually become central to companies’ strategies. If we wish to be able to influence these fundamental strategies, we will have to establish a chain of basic data.

Unfortunately, statistical systems have either disappeared with the advent of the Single Market or have become proprietary following the privatisation of transport undertakings. There are gaps in the data and those that are available are not up to standard. Under the circumstances, how do we design the scenarios that are our only basis for informing policy when we do not have sufficient data to establish even a baseline scenario from which to extrapolate trends? Worse still, some surveys, which were designed for the purpose of filling in gaps in the basic data, were not scientifically rigorous enough. Errors in methodology had introduced real biases with the result that some of the surveys were totally unusable. It was now time to take action at European level to establish the basic requirements for reliable surveys and, at the same time, define related policy guidance needs.

For the first time at a Symposium, some of the econometric models presented showed a decline in the performance of rail transport compared with road. According to some baseline scenarios, inadequate modernisation of railway infrastructure and the absence of a dedicated freight network are leaving rail no chance of playing a major part in international trade.

Advanced technologies are expected to bring some improvements in infrastructure operation, for both road and rail, but as traffic increases, they may well not be enough. Moreover, transport flows also have an impact on regional transport, which is not covered to nearly the same extent by European investment programmes.

Basically, what is important in the data and scenario crisis we are now faced with is to reinstate a **forecasting approach** based on a **baseline scenario** to be validated by all of the countries concerned by transport trends. A baseline scenario of this type would serve as a focal point for developing measures in areas such as the legislative framework for transport, standards, infrastructure projects and market organisational problems.

Again, a hands-off policy will result in further productivity gains for road — lowering prices — while rail will see its business decline. Only strict internalisation of the external effects can counter this trend.

Faced with the problems that statistics and methodologies are presenting, the participants at the Symposium stressed that forecasting models should be kept simple, avoiding any risky sophistication, and should be used solely to draw conclusions as to possible outcomes subject to a given set of assumptions.

2. *Different concept of accessibility*

A new approach that departed from the aim of ever-faster travel and shorter journey times became evident at the Symposium. A reasonable journey time coupled with genuine steps to improve transport quality would lead to a different concept of accessibility. Furthermore, instead of concentrating on trans-European networks, **improving regional links could create endogenous economic development** that is self-sustaining, which, while perhaps not the most efficient in terms of micro-economic productivity, has the potential to maintain a local firm base.

Moreover, one had to concede that fewer and fewer people want infrastructure. There is an obvious conflict between a European economy based on international trade and the environmental problems it causes. One might even go so far as to say that the resulting polarisation was a source of exclusion for certain sectors of the population.

Needless to say, this was not a viewpoint shared by all of the experts attending the Symposium. Some were of the opinion that specialisation in international trade brought gains for a country in terms of both productivity and standard of living, although admittedly at the price of destroying the fabric of economic relations at local level.

Technology is a key variable in transformation, but arguably knowledge technologies have abolished frontiers without any cost to the environment and have made it possible for anyone to work at home, so reducing commuter trips. This is a trend that is just beginning and we are as yet far from being able to estimate its full potential.

3. Decoupling transport growth and economic growth

The strategy for decoupling transport growth and economic growth was a hotly debated topic. If decoupling was effected by raising transport prices and a reduction in infrastructure availability, we would be faced with a situation that carried all the seeds of an economic recession. If, on the other hand, it could be brought about by transport productivity gains, chiefly through the use of information technologies, it would potentially be sustainable.

Although there were those at the Symposium who took issue with this, it was felt that the solution to transport problems lay not just in the transport sector, but also in the spatial planning of activities and in technology, since some experts held the view that fiscal measures should be ruled out. Furthermore, such measures penalised the most disadvantaged sections of the population. **Probably what was needed was a policy mix**, i.e. a balance between the demand and supply approaches.

No-one at the Symposium doubted that transport growth would continue. Therefore, only recourse to every avenue of technological progress afforded any prospect of sustainability.

Innovation policy would have to be placed firmly on the agenda and regulation should be used to provide a strong incentive. In contrast, some of the experts present thought that transport technology had only made half-hearted progress, but this was a debatable point of view. It was more accurate to say that our behaviour had cancelled out the progress made and that this was primarily a cultural problem. For instance, fuel-efficient vehicles had encouraged higher mileage. In contrast, for the railways, the problems were insufficient capacity and managers that were not commercially minded enough.

A surprising fact was that speed of travel had increased for all modes, except road transport in urban areas. However, with new technologies, people were now beginning to work in their cars when they were stuck in traffic jams. One should never underestimate the automobile industry's ability to bounce back.

4. Environment and equity, the watchwords for the future

If we look closely at the link between infrastructure and economic development, we have to concede that such links are not automatic. Yet, up to now, high-speed train lines have benefited central regions while we have concentrated on the construction of motorways for peripheral regions. The 1990s saw the introduction of a new strategy that concentrated on cross-border regions. In fact, the best way of ensuring the development of disadvantaged regions appears to be to **encourage the transfer of knowledge** since, just in the transport sector itself, we must not forget that air transport brings regions much closer together. Economic development is a complex phenomenon in which

urban centres play a major role and the possibility of fast links by air should not be considered incompatible.

Faced with globalising scales, rail transport cannot retreat behind national frontiers. The globalisation of the railways, i.e. the removal of borders as barriers, is essential for its survival.

Gradually, the balance between efficiency, equity and the environment, which deregulation had tipped decisively towards efficiency, now seems to be tending to **shift towards the environment and equity as priority concerns**. At the same time, because countries are now so economically interdependent, it is at international level that solutions should be sought, although there are those who would wish to see regional relations strengthened.

Some experts took the view that, in trying to address the problem of regional development, we had over-invested in infrastructure and under-invested in training personnel. There was also the fact that promoting road infrastructure had brought us up against road safety problems of catastrophic dimensions. Here again, sharing best practices was the way to find a solution to a very disturbing problem that showed how highly debatable progress could be.

2. ROUND TABLES

2.1. ROUND TABLE 117 took place on 26-27 October 2000 in Paris and the theme for discussion was "*The Economic Evaluation of Road Traffic Safety Measures*". The Round Table was chaired by Mr. E. Quinet (F) and opened with papers by Messrs. H. Baum and K.-J. Höhnscheid (D), A. Evans (UK), U. Persson (S) and P. Wesemann (NL).

The main conclusions drawn from the Round Table are briefly summarised below.

1. *Methodological overview or how to choose between accurate measurement of a non-relevant concept and inaccurate measurement of the parameter targeted*

The economic appraisal of road safety measures poses the basic problem of determining which method to use for the valuation of road safety measures. Given that road safety or, to be more precise, lack of road safety is measured in terms of the total number of fatalities and injuries, either slight or severe, the economic calculation can be based on the value of human life and the estimated cost of injuries. There are two methods of valuation that can be applied at this stage: the so-called "human capital" approach and the approach based on the "willingness to pay" for the prevention of injury. Use of these two approaches is mutually exclusive, despite the fact that they are significantly complementary. They are briefly described below:

- The **human capital approach** consists in valuing damage (death, serious injury) in accordance with its economic impact, i.e. in terms of lost output (net of future consumption in the event of death), remedial costs (healthcare in the case of injury) and reconstruction costs (material damage). To these are added working hours lost and the impact on the "grey" economy, i.e. undeclared work, household work and DIY. In order to value output losses accurately, account is taken of age and activity rates within each age cohort. This makes it possible to take account of unemployment, although it is also possible to evaluate the loss of potential production compared with the full utilisation of resources in order to assess the virtual damage to the economy. A fair degree of experience has been acquired in the use of this method which is still commonly applied in some countries but which has the disadvantage of not providing an accurate measurement of the parameter targeted, namely,

the intrinsic value of the damage in cases where there is loss of life or suffering caused by serious injury. It was the realisation of this shortcoming in particular which gave rise to the "willingness-to-pay" approach.

- The **willingness-to-pay** approach consists in estimating the value that individuals attach to human life by means of surveys aimed at determining the amount of money that individuals would be prepared to pay to reduce the risk of loss of life. The same principle applies to injury, where an attempt is made to determine the monetary value which individuals would be prepared to pay to, in effect, reduce the risk of injury. Selected groups within the population are given a questionnaire describing situations in which the individual has the choice of spending a certain sum of money or exposing himself to a given risk. This approach is based on the preferences of those concerned. By adopting an approach based on the prevention of accidents and damage, it is possible to balance a risk against given sums of money and thereby obtain an inferred value of human life and serious injury. To ensure that economic damage is also taken into account, the following are added to the value thus obtained: net lost output, medical costs, administrative costs, etc., which are precisely the values of human capital. Logically, the willingness-to-pay approach yields values far higher than those based solely on the value of human capital. The willingness-to-pay approach, which is a concept that has been used for some years by a small number of countries, provides an imprecise valuation of the very parameter we are attempting to determine.

There are many reasons for the **lack of precision** of the willingness-to-pay approach, and these were briefly reviewed by the Round Table. First, by seeking to determine the value to assign to reduction of a given risk, the persons surveyed felt that they were themselves involved, that they were directly concerned by the valuation. However, **personal experience**, i.e. whether or not a person had actually had an accident, does have a role to play. In one of the first applications of this method, the results of the survey produced a multiplier of ten, depending upon whether the persons surveyed had or had not had an accident. In addition, in terms of the method used to present a notional risk to the persons surveyed, it would seem that survey respondents are relatively insensitive to **small variations in risk**; it is therefore difficult to derive a coherent value for human life from the results. However, to avoid this problem, researchers have constructed a questionnaire in which risk is broken down into highly precise stages, that is to say, a progressive analysis. In this way, scenarios are constructed on the basis of hypothetical safety schemes designed to measure the willingness to pay for variants of the same risk; respondents are thus able to answer questions where it can be shown that it is probable that the person injured will recover from the injury.

The Round Table also took note of the fact that **income and age** have an impact on willingness to pay. Willingness to pay does not vary linearly in accordance with age. It is at the age of forty that the highest value is placed on saving human life; it is also the age at which the sense of altruism and respect for the safeguard of other people's lives is the greatest. In terms of the impact of income, an elasticity in willingness to pay to income in the order of 0.3 has been observed. This problem can be circumvented by reducing the willingness to pay of the wealthiest and by increasing the willingness to pay of those with the least resources. In order to isolate this effect with regard to altruistic behaviour, efforts can be focused on variations in the risk for the individual surveyed, to the exclusion of all other individuals. Moreover, as a general rule, extreme values can be discarded in favour of the median in order to take account of the spread of willingness to pay within a sample.

These corrections illustrate the fact that willingness to pay is a method that is sensitive and therefore difficult to put into practice, but it is nonetheless a highly attractive procedure in **that it precisely targets the objective aimed at**. It must also be said that it is a method which still requires

further refinement, although this does less than justice to the advances that have already been made and the relative consistency of the results obtained so far. Thus, for example, to illustrate the intrinsic problems with the use of this procedure in the valuation of loss of life or injury, the propensity of certain persons to engage in reckless driving reflects an implicit acceptance of risk and therefore modifies the willingness to pay. However, this approach is subject in particular to variations in the two factors of income and age mentioned above, two factors that we can in part correct. In addition, this method, if all due precautions are taken in its application, produces **relatively stable results**. The contingent valuation approach uses hypothetical marketed measures whose impact on road safety can be described and compared with market values. Parasite factors can thereby be almost eliminated, although care must be exercised over the non-transitivity of choices. At another level, a choice must be made between wide-ranging samples and individual interviews that are more restricted in scope. In the case of a large sample, the response rate is obviously lower and it has been noted that not all questions were properly understood. The answers are always simple, but the questions are complex. In addition, again with large samples, respondents tend to be men with senior positions who are major car-users and who have already had an accident. The results therefore need to be adjusted. With in-depth interviews of a small sample of people, the response rate is always very high and questions are better understood, but the restricted size of the sample means that it may not be representative.

One point to emerge from the Round Table was that there is undoubtedly a need for **practical guides to methodology** which set out the conditions for constructing and using methods. Communication between researchers has certainly improved, but it would nonetheless be helpful to draw up a document which summarised good practices and the rules of the art, even if studies have shown that estimated values do not vary enormously from one method to another.

A more basic criticism that can be levelled at the willingness-to-pay approach is that it fails to provide a **market value**. The estimate of value solely reflects what people are prepared to pay in order to avoid damage and does not provide a comparison, as in a market, with a composite supply of safety-related instruments which would produce an equilibrium value. However, to counter this objection, it can be argued that the willingness-to-pay approach is simply a philosophical principle. As a method, it reveals the preferences of the public. These preferences must not dictate the content of legislation, but they can be taken into account in the decision-making process.

By comparison, the human capital approach, with which economists have greater experience, is not entirely free of inaccuracies either. For example, in order to determine net output losses, a coefficient must be used to escalate the value of future output, which does not in itself pose any insuperable problems were it not necessary at the same time to estimate future growth in per capita GDP. In new ECMT Member countries, projecting growth rates is particularly difficult as they are erratic and usually tend to be higher than the European average during periods of economic expansion. Underestimating values in new Member countries would suggest that road safety measures would not be economically justified, whereas they could have a major impact in terms of the number of lives saved. The conclusion to be drawn from this is that while it is possible to measure human capital, it is not possible to do so with any absolute degree of accuracy.

With regard to the willingness-to-pay approach, it would be wise to conduct surveys in which **respondents are contacted again** to see whether, for example, five years later the results are the same. Countries which have conducted such surveys have so far been able to show that results have remained stable. Generally speaking, we now have a better understanding of contingent analysis. Scientists have started to work together and countries which initially produced low values have seen them rise while countries whose values were above average have seen them fall closer to the average. This **convergence in values**, which values a life saved at 1.1 to 1.3 million euros, of which 80 per cent

in terms of willingness to pay and the remainder in net losses, returns the theoretical debate to a proper footing. It should be noted that differences still remain over the ratio between the value placed on human life and that of the avoidance of serious injury, due to differences over the definition of what constitutes serious injury. It would seem that solely 1 per cent of injuries are actually very serious, and in this regard it would be helpful to draw up a breakdown of injuries in which the term "serious" is not applied to injuries that simply mean that the person involved has to receive hospital treatment.

The Round Table noted that if surveys and analyses are conducted with all due rigour, the willingness-to-pay approach provides results in terms **of values for human life that are highly comparable from one mode of transport to another**, in addition to which the values are also close between countries at comparable levels of economic development. This near-perfect match in terms of willingness to pay, regardless of the mode of transport, contrasts starkly with the policy differences noted *ex post facto*. Tolerance for low safety levels is far lower with regard to public air or rail transport than it is for the private car mode.

Unless a consensus is reached on which method to adopt -- some experts remain faithful to the human capital method -- hopes over forging a European method remain based on anticipated advances in the formulation of the willingness-to-pay approach, which is attracting increasing support from researchers. In addition, one result to emerge from the Round Table was that none of the experts objected to placing a value of 1.1 to 1.3 million euros on human life within countries whose standard of living is higher than the European average, which would put the European average at **1 million euros**.

2. Incorporating evaluation methods into road safety policy

Are evaluation methodologies used in analytical studies of the effectiveness of road safety measures?

First, the methods described above are used to **ensure a rational basis** to the public decision-making process relating to road safety. If we return briefly now to the arguments made against the methods outlined above, the main one would seem to be that the human capital approach is easier to explain and to justify to decision-makers -- since it values losses to society -- than the willingness-to-pay approach, which uses an artificial means to determine the value that individuals themselves place on life or avoidance of injury. There is therefore a very real need for researchers to explain how these approaches work, not only to policy-makers but also to the general public, since both audiences are mutually interdependent.

These methods have been incorporated into analyses of the advisability of actions or investment for which they provide inputs in the form of a value assigned to a life saved or serious injury avoided. It is briefly worth recalling here that these broader procedures are both cost-benefit analysis, which consists in producing a report indicating the benefits in monetary terms compared with the economic costs of a measure, and cost-efficiency analysis which, for its part, consists in measuring the cost of the provisions adopted compared with the saving of human life. These analyses or procedures are available to politicians to **guide them in the use of an array of measures**.

It should be noted that, in general, as has certainly been the case for many years although to a lesser extent now, no attempt has been made to rationalise public decisions; decisions regarding road safety are routine decisions taken without the aid of appropriate instruments. The budget was determined by the higher echelons of government. While such practices are not ostensibly opposed to

assigning high priority to road safety, it can simply be stated that economic analysis can at present help to **guide policy-makers in their choices**.

In an ideal world of economic theory, valuation methods can help to determine the budget for road safety in that adopting all measures whose cost-benefit ratio is greater than one **will determine the budget envelope for road safety**. In such a world, cost-benefit analysis should be the norm. However, because the data needed to quantify all impacts of road safety provisions may be missing, cost-efficiency analyses can be used to marshal an array of measures. Priority could therefore be given to all measures whose costs are low compared with the number of lives saved. In such cases, such an analysis would be needed to calculate to cost of a life saved, which would then obviously make it possible to classify measures.

As a general rule, it would be wise to carry out more cost-benefit or cost-efficiency studies in all areas of public action so that measures can be ranked against each other and budget envelopes determined for different forms of action. In this context, **road safety would probably be assigned higher priority and higher levels of funding than it usually receives at present**. There would at least be a degree of reassignment of funds within the transport sector.

The answer that is given to the question "do we invest enough in road safety?" is that road safety measures can be highly effective. Greater resources could therefore be assigned to this issue, although this does not hold true for other modes of transport. For example, investments are sometimes made to improve the accessibility of regions located far from the major economic centres. Traffic levels in these regions are low and therefore accident rates are low too; besides which, the economic return of the investments aimed at opening up regions is not always as high as could be hoped. By analogy, therefore, it would be fair to say that road safety is **not accorded the priority it deserves**, since in this instance human lives are at stake.

However, even considering road safety alone, these remarks need to be qualified in certain respects in that **significant sums of money are spent on measures that are not particularly effective**. Priorities are poorly identified. For example, the three offences of drink-driving, speeding and failure to attach seat belts, on which most countries concentrate the bulk of public action, account for less than 50 per cent of road deaths.

All the discussions on road safety show that actions can indeed be classified according to their effectiveness, since analysis shows that the rate of return on road safety measures is higher than that in other sectors even though marginal rates of return are falling. However, under current road safety budgets, all the measures which cost-benefit ratios suggest would be profitable could be implemented. It was therefore clear to the experts at the Round Table that before **considering increases to investment, priority should be given to ensuring that investment is better targeted**.

With a view to "better" investment, not only forecasting studies but also **retrospective analyses are required**. It would therefore be highly advisable to have estimates of the results of road safety measures, estimates that could be drawn up by calling on the services of experts such as psychologists specialised in human behaviour and road traffic engineers. *Ex post facto* calculation of the number of lives saved through investment or road safety measures provides a precise evaluation of the effectiveness of the actions chosen and thus makes it easier to convince the public of the appropriateness of such actions. It is therefore important to carry out *ex post facto* evaluations and not simply halt programmes without giving consideration to performing valuations once the programme has been completed. There are ample grounds on which to justify the time and cost of in-depth

research designed to avoid "extrapolation" without "verification", which is the case when an insufficient number of surveys are made of the results obtained.

In the same vein, it is essential to have **follow-up on the ground**. A map is therefore needed of the frequency and severity of accidents throughout the entire national territory. Such a map shows where investment is a priority. In this respect, the Round Table took note of the fact that local road investment to eliminate accident black spots, for example, by building roundabouts instead of intersections, have an extremely high cost-benefit ratio that is far superior to many actions in the public domain. The rate of return on these actions suggests that when insufficient data are available to carry out a proper cost-benefit study, which would thus make it possible to set a budget, there is no need for a set budget but rather a stated objective and to introduce all the measures that would help to achieve this objective on the basis of the findings of the cost-effectiveness and retrospective analyses.

However, to consider one example of the inherent ambiguity of evaluation techniques, a cost-benefit analysis of speed restrictions in rural areas with relatively low traffic densities fails to show significant gains due to the time lost by road users forced to travel at lower speeds. The goals of economic efficiency, the environment and road safety may therefore be mutually conflicting. This would seem to indicate, apart from methodological considerations, **the need to make road safety a national priority**, which would be feasible given the number of lives which could potentially be saved; some experts at the Round Table felt that a measure is justified even if it saved only one or two lives. This shows the importance of acknowledging that the fact that policy-making is an independent activity does not mean to say that aberrant policies will be pursued but rather that such policies will, in all likelihood, exhibit shortcomings unless evaluation methodologies are used to support them.

It should also be noted by researchers that it is important to carry out **exploratory studies** on the effectiveness of road safety measures even if such studies are not held to be of value by politicians. Experience has shown that sooner or later most measures become important issues. Policy-makers may also be looking for new actions to promote and it is highly desirable for researchers to be in a position to provide an evaluation of measures as soon as they appear on the political agenda. At such junctures, researchers can play a major role in ensuring the political and social acceptability of measures under review or consideration by demonstrating their relevance, as we mentioned earlier.

3. A number of points to bear in mind when implementing a road safety programme

The Round Table recalled a number of basic tenets which emerge from an economic evaluation of road safety measures and which are illustrated below:

- Road safety policy must not consist in disparate, disjointed measures but in a co-ordinated body of measures forming a coherent whole, that is to say, **a judicious assembly of constituent parts**. The aim should not be to prefer one measure to another but to implement a series of measures whose effectiveness is based on synergy. Thus if all measures exhibiting a cost-benefit ratio greater than one were to be implemented systematically, the number of road deaths in most countries would be cut by half.
- The issue of **social acceptability** must not be neglected. A policy will not be successful if it is not properly understood by the population. It is commonplace for the policies which are the most effective to be those which are rejected, as in the case, for example, with on-board systems designed to automatically restrict the speed of vehicles according to the type of carriageway on which cars or HGVs are travelling. While perfectly feasible in technical

terms, the introduction of these measures is opposed by manufacturers in particular but also by the public. For these various reasons, the advantage afforded by evaluation methodologies is that they can sway public opinion by providing direct evidence of the number of lives that could potentially be saved.

- In connection with the comment made above, it is **important when communicating with the public to always present matters in layman's terms**, that is to say, by explaining issues clearly and simply. Stating clearly how many lives could potentially be saved is a compelling argument that will convince individual members of the public. By the same token, information campaigns that draw attention to the effectiveness of certain measures must be sustained and not simply repeated at intervals or limited over time, since the aim is to influence behaviour, which calls for continuous action over the long term. Clearly stated rules must apply to the organisation of such information campaigns.
- Those who infringe regulations and drive without complying with the highway code are predisposed towards anti-social behaviour. **Awareness campaigns and driver re-education courses** generally have a positive impact on drivers who systematically infringe regulations and choose to behave recklessly. Such actions are, at all events, more acceptable to drivers and no less effective than punishment of offenders, which is slow to have an effect if it goes against ingrained behavioural patterns.
- In particular, when responsibility for the actions to be pursued lies with several Ministries, it is of the utmost importance to ensure that the actions of the various Ministries concerned **are properly co-ordinated**. In this respect, setting up a National Road Safety Council can provide the requisite linkage between the actors involved and ensure that together they can achieve results which alone would not be possible for them.
- The actors who are involved in road safety must also be considered in terms of their **personal strategies**. There is no point in involving the police if the latter consider road traffic policing to be a minor duty offering little in terms of returns. In such cases, it would be better to set up special police forces assigned to such tasks and thus restore their badge of honour. In this way, road safety would have to comply with the rules of actors whose strategy must be understood in all its complexity.
- The **private sector has a role to play**. It could, for example, be assigned the task of monitoring traffic flows. It could also play a role in the introduction of innovative technologies; what springs to mind here are the advances that have been made in vehicle technology aimed at both preventing and alleviating the consequences of accidents. As mentioned above, however, we need to remain vigilant. Car manufacturers have a strategy and most of them only started to show concern over vehicle safety once public opinion had shown itself to be sensitive to the shortcomings of vehicles. It might therefore be advisable to focus efforts on influencing public opinion through open dialogue.
- **It is easier to adapt infrastructure than it is to change patterns of behaviour**. However, most road safety measures continue to target driver behaviour. It would be wiser to integrate road safety into the evaluation of infrastructure projects and ensure that road safety is a factor that is taken into road investment. Even though much progress has been made in this respect, however, much still remains to be done.

- **Measures should not be rejected because they cannot be evaluated.** This comment recognises the primacy of politics and the importance of innovative measures. Obviously all Ministries seek funding and it is easier to argue that a policy is well-founded if it can be shown that funding will produce tangible results. Scope nonetheless remains for measures that cannot be evaluated; the fact that a measure cannot be evaluated often reflects its innovative nature. Experts also recognise the benefits of early action with inventive measures.
- Lastly, road safety policy must be rooted in compliance with the rules of **total strategic quality management**, rules that have been taken from management theory. No reticence should therefore be shown in treating road safety policy as an integral issue which is amenable to evaluation and which must meet criteria applied to strategic quality management. To further this objective, the benchmarking of road safety policies and measures could be undertaken at the European level.

4. *Conclusions*

There are several ways in which to estimate and take account of the value of human life or serious injury as part of an economic appraisal of road safety measures. This is not a new development and we are starting to accumulate a significant amount of experience in the application of these methods. Opting for the human capital approach is not conceptually sound. The willingness-to-pay approach, on the other hand, focuses on the correct parameter but its measurement of that parameter may be significantly flawed. Although there was no consensus, in this respect the experts at the Round Table felt that it was better to obtain an approximate measurement of the right parameter than to obtain an accurate measurement of the wrong parameter, particularly in view of the body of experience we are now starting to acquire in the use of the willingness-to-pay method. From this standpoint, it would be helpful to draft a manual on the correct use of the willingness-to-pay method in that a practical guide to the rules of the art in this area would bring it to the attention of a wider audience.

Even though the value obtained by means of the willingness-to-pay procedure is not a market value in the economic sense of the term, the values obtained are convergent from one country to another and, even more surprisingly, from one mode of transport to another. The average value assigned to human life within Europe would therefore be 1 million euros. The fact that there is virtually no change in this value from one mode of transport to another is in striking contrast to policy practices, since the investment in accident prevention in the public transport sector is much greater than that in the road sector, given that the authorities are liable for accidents in the public transport sector. This means that individuals would be willing to see government take charge of road safety with the same forcefulness in the road sector as in the rail and air sectors, an approach that is not reflected in the collective values commonly used.

Clearly, these values can serve as a basis for cost-benefit or cost-effectiveness analyses that would help to introduce greater rigour into policies that sometimes appear to have been framed on an *ad hoc* basis. The social acceptability of measures poses an acute problem, but although it is admittedly a determining issue, it is not one that arises systematically. In view of this, road safety policy should be a strategic process that takes account of the interplay of actors, their complementarity and the need to inform and consult with the public. The public must be given simple messages and efforts must be made to ensure a better balance between measures, in that although spending on road safety is already adequate, the money is not spent "wisely". In addition, the implementation of measures must follow the principles of total quality management and, in order to avoid secondary

effects such as possible impacts on social equity, *ex post facto* studies need to be carried out to determine the effectiveness of measures. Furthermore, actions whose effectiveness cannot be assessed should not be dismissed out of hand. We need to approach the issue of road safety with an open and receptive mind.

Lastly, apart from the guidelines outlined earlier in this report, the Round Table did not systematically discuss each measure individually to determine its relevance, but it did point out that investment in infrastructure produced results faster than attempting to bring about major changes in human behaviour.

2.2. ROUND TABLE 118 was held from 30th November to 1st December 2000 under the title, “*Economic objectives of introducing tolls on intercity road infrastructure*”. Chaired by Mr. J.M. Viegas (P), the Round Table was introduced by reports from Messrs. M. Herry (A), R. Izquierdo (E), L. Clément (F) and P. Rietveld (NL).

The following lines present the conclusions of the Round Table Chairman and include ideas which were the subject of a large consensus even if some divergent opinions were expressed.

A. *General Points*

1. Adequate provision and operation of interurban road infrastructure is a complex problem, involving multiple objectives and constraints, for which various economic instruments are available.
2. No single instrument is best fit to handle all those objectives, and the best mix of instruments for any particular case depends on the hierarchy of the objectives as well as on the characteristics of the situation at hand.

B. *Objectives in Application of Economic Instruments*

3. The three main objectives are:
 - a. Financing of construction, operation and maintenance of the road network.
 - b. Internalising external effects of road transport.
 - c. Providing quality of service to the user, while ensuring efficiency of the system (fighting congestion).

In parallel, there are two more objectives frequently found, the first of which is almost universal, the second being more often defended by environmentalist NGOs:

- d. Generate some financial resources for redistribution to other sectors through the general budget.
 - e. Use transport taxes and charges to limit traffic growth, or possibly even reduce its volume.
4. In all cases, the road transport sector should cover at least all its internal and external costs at the network level.

C. *Economic Instruments Available*

5. The main economic instruments available for the generation of revenue are:
 - a. Vehicle-incident taxes.
 - i) on purchase and registration.
 - ii) for annual circulation/access to the network, possibly with two different instruments, one for the general network and another for motorways.
 - b. Fuel taxes.
 - c. Tolls.

All of these are price components, but the effectiveness of the signals they send to the consumer increases when the distance to the point and time of consumption is smaller.

D. *Internalisation of External Costs, in General*

6. General internalisation of external costs through vehicle purchasing taxes is possible (although hardly effective at the current levels) but could be improved through annual circulation taxes if these have a base level determined by combustion volume and fuel type, and a *supplement strongly linked to actual emissions, as measured on the annual inspections that vehicles are submitted to*:
 - a. Improvement of emissions by new cars is best achieved through technical regulation.
 - b. Linking annual taxes to actual emissions is not only more clearly perceived by drivers, it also induces more effective fleet rejuvenation.

E. *Rationale for Application of Road Tolls*

7. There is no strong reason for a general recourse to interurban motorway tolls, as vehicle taxes and fuel taxes can frequently meet the financing needs for this type of infrastructure and still cover all the external costs generated by this type of transport, plus a contribution for redistribution to other sectors of the economy, through the general budget.
8. In many cases, it will be more efficient to increase supply (capacity) to the motorway infrastructure than to restrain demand through tolls, but there will be cases where there is no political will or physical possibility to increase capacity either for circulation along the corridor or for reception at the (mostly urban) destinations.
9. However, some circumstances might justify the application of tolls to interurban road tolls:
 - a. *If the overall extension and quality of the motorway network is considered well behind what it should be* for adequate support of the national economy and thus requires high financing resources, toll collection can help cover costs, thus allowing anticipation of the conclusion of the motorway construction programme, with one special concern:

The level of the toll should not be so high that it restrains mobility in a developing economy, and this might require some contribution from the State budget to the investment. If there is no room for this contribution to occur in line with the investment, a combination of real and shadow tolls might be the solution.

- b. If there is *a significant part of foreign vehicles using the motorway network without having paid vehicle taxes or fuel taxes in the transit country*, some form of contribution from these vehicles is fair, although this may be easier to collect through vignettes than through traditional tolls.
- c. If there are *parts of the network where the costs are perceived by the drivers as especially high*, due to heavier congestion or environmental sensitivity, tolls may be an efficient instrument to internalise those “additional” (i.e. higher than in other parts of the network) costs. However, this should be done with special care in two directions:
 - i) If these special costs occur with a strong peak factor, a time-modulated toll should be introduced (and adequate solutions for a flexible management of the modulation adopted);
 - ii) If congestion occurs not only on the motorway but also on the road network around it (for instance, in a densely-occupied corridor or in a large periurban agglomeration), a traditional toll might only divert vehicles away from the motorway onto those (even more) congested roads, thus leading to a recommendation for an area-wide toll, possibly km-based;
 - iii) Since these two circumstances can occur jointly, a time-modulated km-based charging scheme would be appropriate in such cases.

10. If there is a political will to introduce road tolls, it is essential that financial and legal experts are involved from the outset with the economists and engineers, to ensure that it will not happen that the tolling system design finally is unable to be applied at the intended targets or with the intended application of the revenues.

F. Public Acceptance

11. An important issue related to the introduction (but also to aggravation or change of incidence) of tolls is that of *acceptance by the public*. There are two types of public acceptance:
- a. Selfish acceptance by individuals or interest groups, considering how they are affected by them.
 - b. Moral acceptance by individuals or opinion groups, considering what they think is fair.

Equity aspects are especially important for this second type of acceptance, although it is much more relevant for urban road pricing.

12. The most important aspects to consider for acceptance of pricing measures are as follows:
- a. Alternatives must exist to road tolled sections, and not be degraded in parallel with introduction of the tolling scheme (citizens must not consider themselves captives of a government strategy).
 - b. Application of the revenue collected should, to a significant extent, be towards improvement of the tolled components or of the alternatives (road or other modes).
 - c. Tolling should be applied to new components or to previously existing components where some guarantee of service is introduced.
 - d. As much as possible, total driving costs on previously existing sections should remain constant, only with a transfer from fixed to variable costs (from the users’ point of view).

- e. On first introduction, toll levels and overall complexity of the scheme should be relatively low, and later be gradually adjusted over time, as acceptance and understanding no longer constitute a problem.
- f. If equity problems are identified, they should be treated carefully, as the dimension of non-accepting groups can easily be made much larger than those who are directly affected by them.
- g. Wide information and communication about the objectives and rules of the tolling scheme are crucial.

G. Technical Introduction of Tolling

13. Adequate *technical introduction* of traditional tolling measures is no problem, but km-based charging is still in its infancy. Privacy concerns can be properly solved by use of a system in which there is an on-board unit, with a smart-card where all sensitive information is stored, supplemented by external (road-side or satellite) equipment, for checking purposes and defence against fraud.

- a. Interoperability of these systems is highly desirable, especially for HGVs, and should be achieved within a few years, following on-going work in multilateral groups.
- b. One interesting possibility for introduction of km-based charging would be through voluntary adoption of the corresponding equipment to be used for electronic payment on traditional tolled motorways, with added value for the hauliers adhering to the programme, like tracking-and-tracing information, and possibly some discounts on the toll levels.

14. As there is a progressive transfer from fixed costs to variable costs for road transport users in Europe, gradual harmonization of fixed costs across countries must be achieved.

H. Collateral Effects

15. There may be an argument on the negative impact of higher road-use costs for European global competitiveness, but if the idea is more towards variabilisation than increase, there should be no big problems arising. In any case, there are many other artificially high prices hindering competitiveness of European firms much more significantly.

B. STATISTICS

Since 1991, co-operation between the United Nations Commission for Europe (UN/ECE), the Statistical Office of the European Communities (EUROSTAT) and the ECMT has been strengthened considerably in the sphere of statistics by the establishment of an Intersecretariat Working Group in which the ECMT Secretariat participates actively under the supervision of the Group of Statisticians.

After completing, in 1994, the chapters concerning railways, roads, inland waterways and oil pipelines for the first edition of the common transport statistics glossary, the Intersecretariat Group

finalised the chapters on maritime and multimodal transport. The new definitions have been included in the second edition of the glossary published by the UN/ECE in 1998 and are also available on the ECMT's World Wide Web site. ECMT organised a workshop in 1998 to continue work on the chapter dealing with transport-related accidents. This work had been previously suspended due to problems encountered with EUROSTAT on the "CARE" database for road accidents. The third edition of the common transport statistics glossary will include a chapter on road accidents. It should also include an index and a number of modifications designed to make it easier to use.

The joint questionnaire, finalised by the Intersecretariat Group, has already been used several times and was used to gather data for 1997. It may be recalled that this questionnaire considerably reduces the work of those responsible for replying to statistical surveys in the countries concerned and means that they do not have to provide what can sometimes amount to the same information on three separate occasions and in three different formats. Furthermore, the use of a common questionnaire ensures that the statistics published by the three Organisations are consistent. Since the software that EUROSTAT developed to replace the CUB.X programme it designed to input replies to the questionnaire from the European Union countries and which was then abandoned in view of the difficulties encountered and being outside the scope of Intersecretariat Group agreements, the ECMT submitted a proposal for software running under Excel, which was installed for the collection of data for 1997 and 1998. Due to certain difficulties encountered, a revised version of this questionnaire was drawn up for the collection of 1999 data. But as the result was still not satisfactory due to technical problems, the Intersecretariat Group is working on a new version which will be used in September 2001 when the collection of data for 2000 is launched.

In order to improve data collection on road vehicle stocks and gather information to facilitate a more detailed analysis of the impact of these stocks on the environment, in 1997 the ECMT -- working with EUROSTAT and the UN/ECE -- drafted a statistical questionnaire designed to obtain information on: the number of vehicles fitted with catalytic converters, engine types, cubic capacity, etc. The questionnaire served as a basis for a pilot survey which was conducted at the beginning of 1998. The pilot proved conclusive and it was decided during the meeting of the working party on transport statisticians of the UN/ECE in Geneva (WP6), that a new survey of this sort would be attached to the joint questionnaire used for collecting data for 1998. In view of the good results, it was decided at the WP6 meeting in 1999 to integrate this questionnaire into the common questionnaire for the collection of data for 1999, which took place at the end of 2000.

Under the supervision of the Group of Statisticians, the Secretariat prepared the following statistical material in 1999:

- The volume of Statistical Trends in Transport covering the period 1970-1997 is to be published in mid-2000. It will include three new countries, namely Belarus, Bosnia-Herzegovina and FYR Macedonia. This volume will be produced for the first time using the new software which the ECMT has used to prepare the joint questionnaire and prepare the publication Statistical Trends in Transport.
- The main purpose of the annual leaflet, Trends in the Transport Sector, covering the period 1970-1999, is to describe the situation in the transport sector -- passenger and freight transport, road safety -- during the latest year for which statistics are available and, with the help of charts, to illustrate long-term trends and developments. It includes an analysis of the transport sector in European countries which have a long-standing and well-established market economy system, and a special study on recent trends in the 20 countries in transition. Among these countries, on the one hand 11 Central European, 3 Baltic states and on the other hand 6 countries belonging to the CIS Communities of Independent States.

In order to modernise the survey procedures for “Trends in the Transport Sector”, the ECMT has updated the software used for processing data. The questionnaires are now produced in electronic format and their processing is also computerised. This new programme should be used for the 2000 data.

As the upgrading of the software caused some delay in the preparation of the publication, it was decided to publish the 1999 findings along with those for 2000 in a leaflet entitled “Trends in the Transport Sector, 1970 - 2000”. The use of new software now makes it possible to access the data under Excel and to export them easily. The 1999 data are already available in this form.

- The *Statistical Report on Road Accidents, 2000*. In order to make up for delays in publication, the new issue like the previous issue will cover two additional years: 1999 and 2000 and will be published in January 2002.

In spring 2000, at a meeting of the Working Group on Road Safety, the ECMT presented a draft questionnaire designed to harmonise, improve and facilitate data collection. This draft having been accepted by the group, the new questionnaire will be used for collecting 2000 road safety data in May 2001. For this purpose, the ECMT has installed software which will enable it to retrieve existing historical series, generate questionnaires in the new format, process the data received, and produce the Statistical Report on Road Accidents. Also, the presentation of the current statistical report will be revised for the publication of the 2000 data.

An important project was launched in 1996 to create a statistical database, to be used notably for *Statistical Trends in Transport*. The project is to develop a computer system that will enable the data collected to be readily processed and circulated with the help of the electronic questionnaire previously mentioned. The system will use ACCESS 97 software and will facilitate communication between the ECMT database and various external information sources. This system will be used to produce the next issue of *Statistical Trends*, and it will be possible also to produce files containing the joint questionnaire and the data received for the previous years from each Member country. This will make it easier for Member countries to correct or update data and enable computer processing of the questionnaire.

The Council of Ministers requested the ECMT to continue with the work it had undertaken on the analysis of the transport market. It was therefore decided that a document on *short-term trends in inland transport* would be issued on a regular basis. In order to fulfil this task, a survey aimed at listing all the work that the Member countries had carried out on short-term trends in the inland transport sector was conducted and the findings analysed, in 1996. From the replies, the Secretariat was able to identify the experts studying transport market trends in ECMT countries. On the basis of the information received, a pilot questionnaire was drafted at the end of 1997 with a view to collecting the data necessary to produce an initial note on short-term trends for circulation to Ministers. The aim of the questionnaire, to be sent out at the beginning of 1998, is to collect quarterly data on: the carriage of freight and passengers by rail, road and inland waterway; data on car traffic, the registration of road vehicles; fuel consumption; road transport prices; and, statistical information on the general state of the economy (imports, exports, industrial output).

The findings of the first such survey to be conducted were reviewed at a special meeting of the Group of Statisticians in June 1998. These results were found to be particularly satisfying and of great importance on a policy level, the Group decided to conduct this survey annually and to renew it every three months. All the results are already available on the ECMT web site.

To meet the growth of this survey, ECMT developed a specific computer tool in 1999. The objective of this tool is to facilitate data collection, the processing and dissemination of the data while setting up routines procedures. The results should be available on the ECMT site on Internet three weeks after the launching of each survey. This tool is already operational and the data for the first quarter 2000 will be available in April 2001 on the ECMT Internet site. No paper publication of these results is foreseen.

In 1987, the ECMT received a mandate from the Council of Ministers to collect data regularly on *investment in transport infrastructures*. This exercise, which is conducted every five years, gives rise to a publication composed of the report submitted to Council of Ministers, which describes the main trends in this area, and an annex containing exhaustive statistical data on expenditure on infrastructure investment and maintenance in Member countries. The Board of Deputies has decided to conduct this survey on an annual basis in order to obtain data more rapidly and more frequently.

For this purpose, the ECMT is currently developing software which will make it possible to generate the questionnaires, to process the information returned to it, and to produce a publication based on the current format. The next survey to collect data for the period 1990-2000 will be conducted with this tool and launched on 1 June 2000. As for the publication, it should be available by the end of 2001.

C. DOCUMENTATION AND INFORMATION

1. Activities of the Documentation Centre

During 2000, more than 350 new publications were added to the ECMT library stock. The library also has subscriptions with more than 400 periodicals which are circulated within the Secretariat. The documentation centre continues to maintain the database for its own use.

Among the publications issued by the Documentation Centre in 2000 are:

- The publication of volume XXXII of the “*Annual Information Bulletin*” on research in progress in the field of transport economics published in November every year and which lists over a thousand projects in progress.
- The “*Press Review*” published monthly or twice-monthly and distributed to members of the Committee of Deputies and the Economic Research Committee as well as several documentation centres.
- The *List of Acquisitions* published every two or three months and distributed to documentation centres.

- The *Press Releases* for the Council of Ministers which was held in Prague in 2000, one before and one after the meeting. These were widely circulated to the press and were also put on the ECMT web site.
- The *List of bibliographical references by topic* established from documents acquired by the documentation centre are available on the ECMT web site.

2. Internet

The documentation centre regularly updates the ECMT web site which can be found at the following address <http://www.oecd.org/cem/>.

Two third of the delegates can access all the documents of the various ECMT working groups by means of a password. The documentation centre deals with the allocation of passwords for the delegates. The passwords are changed every year.

The statistics on how often the site is consulted show that the rate has risen by about 70% compared to 1999. The number of requests for information or free publications has increased by 140% compared to 1999.

CHAPTER IV

EXTERNAL RELATIONS

OECD

Under the terms of its Protocol, the Conference is attached to the Organisation for Economic Co-operation and Development (OECD) for administrative purposes. The nature of the work in both organisations has led to horizontal co-operation, based on the complementarity principle in a number of specific sectors and at various levels, particularly that of the Secretariat. This trend has been substantially strengthened during the past few years. It is marked by mutual concern to avoid duplication and to achieve synergy wherever possible.

European Union

Under a long-standing agreement, the European Union is regularly represented at sessions of the ECMT's Council of Ministers. The Commission's services attend meetings of the Committee of Deputies and, in many cases, of the *ad hoc* Groups. At each session of the ECMT's Council of Ministers, the current President of the Council reports on the latest developments in the European Union concerning the transport sector. Virtually permanent contacts are maintained between the Commission's services and the Secretariat of the Conference.

United Nations Economic Commission for Europe

The Executive Secretary of the Economic Commission for Europe is regularly invited to attend meetings of the Council of Ministers. The Director of the UN/ECE Inland Transport Division customarily attends meetings of the ECMT Committee of Deputies. Furthermore, the Secretary General of the Conference usually takes part in the annual meeting of the Inland Transport Committee of the UN/ECE. Working relations are maintained at an appropriate level with both the subsidiary bodies and Secretariat of the UN/ECE.

Council of Europe

Every two years the Parliamentary Assembly of the Council of Europe reviews ECMT's activities on the basis of a report which is discussed in the appropriate Committee before a plenary session is held, usually in the presence of the Chairman of the ECMT who then addresses the Assembly. The Parliamentary sets out its views and proposals concerning ECMT's activities in a Resolution, which is submitted for a vote. The last such Resolution was submitted in April 1999.

EUROFIMA

The European Company for the Financing of Railway Rolling Stock (Eurofima) was established in 1955 on the ECMT's initiative and is based in Basel. Its aim is to assist the associated railways to acquire railway rolling stock needed for their operations. The national railways of a large number of ECMT's Member countries are shareholders. Eurofima submits a progress report to the Committee of Deputies once a year.

Non-governmental International Organisations

The international non-governmental transport organisations which have consultative status with ECMT are frequently invited to a General Hearing on all topics scheduled to be dealt with during that year. This event took place on 29 February 2000. More specialised Hearings are sometimes organised by ECMT Working Groups and these Organisations are often associated with seminars and other work of the Conference. Moreover, as much as possible, the Secretariat takes part in activities organised by the international organisations themselves. In this way ECMT benefits from the best possible account of the views of transport professionals, users and personnel and make its policies known to them.

Part Two

**RESOLUTIONS, DECISIONS AND REPORTS
APPROVED BY THE COUNCIL OF MINISTERS OF TRANSPORT
IN 2000**

**RESOLUTION NO. 2000/1 ON THE RULES TO BE APPLIED
FOR INTERNATIONAL FREIGHT TRANSPORT BY ROAD**

[CEMT/CM(2000)10/FINAL]

Chapter I. Scope of application and definitions

1. *Scope of application*

The present Resolution applies to the right to take up and pursue the occupation of international road freight haulier on the territories of ECMT Member countries. It does not prejudice the implementation of other resolutions in the fields of road traffic, particularly in respect of weights and dimensions and of combined transport¹.

2. *Definitions*

In this Resolution:

- "freight transport undertaking" means any natural person, any legal person, whether profit-making or not, any association or group of persons without legal personality, whether profit-making or not, or any official body, whether having its own legal personality or being dependent upon an authority having such personality, which has as object the exercise of the occupation of road freight transport operator;
- "occupation of international road haulage transport operator" means the activity of any undertaking that transports goods by road for hire or reward by means of either a self-contained motor vehicle or a combination of coupled vehicles;
- "competent authority" means the authority in a Member country of ECMT which is competent in the area covered by this Resolution;
- "vehicle" means a motor vehicle registered in a Member country, or a combination of coupled vehicles in which at least the motor vehicle is registered in a Member country, intended for the carriage of goods. The vehicle can be the property of the transport undertaking or can be put at its disposal through a hiring or leasing contract;
- "vehicle hired" means any vehicle which, for remuneration and for a given period, is held by an undertaking that engages in the carriage of goods by road for hire or reward or for its own account by virtue of a hiring or leasing contract with the undertaking that owns the vehicle.
- "international transport operations" means the runs by a vehicle, either loaded or unloaded:

- with the points of departure and destination in two different Member countries, with or without transit through one or more Member or non Member countries;
 - departing from a Member country to a destination in a non Member country or vice versa, with or without transit through one or more Member or non Member countries;
 - between non Member countries and involving transit through the territory of one or more Member countries.
- "transport on own account" is when the goods carried are the property of the undertaking or have been sold, bought, let out on hire or hired, produced, extracted, processed or repaired by the undertaking. The purpose of the transport must be to carry the goods to or from the undertaking or to move them, either inside the undertaking or outside for its own requirements. The motor vehicles used for such carriage must be driven by employees of the undertaking and must be owned by the undertaking or put at its disposal through a hiring or leasing contract. The transport must be an ancillary activity of the undertaking.

Chapter II. Admission to the occupation of international transport operator²

1. Background

1.1 To engage in the activity of international road haulage, transport undertakings must first be licensed to operate by the competent authority of the country in which they are established.

1.2 Freight transport undertakings that submit an application to engage in the activity of international road haulage shall provide evidence and demonstrate throughout the whole period of their activity that:

- a) they are of good repute;
- b) they have adequate financial standing;
- c) they meet the requirements for professional competence.

Where the applicant is a natural person and does not satisfy requirement c), the competent authorities may nevertheless permit him to engage in the occupation of international road freight operator provided that he designates to the said authorities another person, satisfying requirements a) and c) above, who will effectively and continuously manage the transport operations of the undertaking on an on-going basis.

Where the applicant is not a natural person, requirements a) and c) shall be met by the person or persons who will effectively manage the transport operations of the undertaking on an on-going basis.

1.3 The "good repute" requirement shall be considered to have been met if the natural person or persons who are deemed to satisfy it under paragraph 1.2:

- have not been convicted of serious criminal offences, including offences of a commercial nature;
- have not been declared unfit to pursue the occupation of transport operator;
- have not been convicted of serious breaches of labour law, transport legislation, and in particular rules governing, driver's driving time and rest periods, or of legislation governing road traffic, vehicle safety and environment protection in particular.

The "good repute" requirement shall also be considered to be met if the person or persons in question have been rehabilitated.

1.4 The "financial standing" requirement shall consist of having available sufficient resources to ensure that the undertaking is properly set up and managed.

In assessing financial standing, the competent authority shall consider: an undertaking's annual accounts; if applicable, its available funds, including bank deposits and overdraft and borrowing capacity; assets, including goods that the undertaking could pledge as security; expenses, including the purchase price or initial instalment for the purchase of vehicles; premises; facilities; equipment; and working capital.

An undertaking should have no less than the minimum required within the European Union in capital and reserves per vehicle used³. In case an ECMT Member country, not belonging to the European Union is not able to implement such minima, it should communicate to the Secretariat, within 3 months following the adoption of the present Resolution, the time periods necessary for it to implement them gradually. These periods should in any case not exceed 5 years.

The competent authority may accept or require, as proof, confirmation or assurance provided by a bank or other duly qualified establishment. Such confirmation or assurance may be provided in the form of a bank guarantee, if appropriate as collateral or a surety, or by any other similar means.

1.5 "Professional competence" should consist of possessing sufficient knowledge to engage properly and viably in the occupation of international road haulier, including, as a minimum, knowledge of the following subjects:

- commercial and financial business administration;
- technical standards and operations;
- road safety;
- access to markets;
- elements of company law;
- elements of social and labour law;
- elements of civil law;
- elements of fiscal law.

The professional competence requirement is demonstrated by passing a compulsory written examination, which may be supplemented by an oral examination, organised by the Authority or Body designated for this purpose by the Member country.

In setting the level of training and stipulating the areas of knowledge required to prove professional competence, the competent authorities of ECMT Member countries not belonging to the European Union shall, to the fullest possible extent, be inspired by and take account of the relevant *acquis communautaire*.

However, natural persons furnishing proof that before the introduction of the system, they were licensed in an ECMT Member country to engage in the occupation of international road haulier shall be exempt from the requirement to furnish proof that they satisfy the provisions laid down in paragraph 1.2c). The provision shall apply to natural persons who have managed the transport operations of an undertaking.

2. *Withdrawal of licences to operate as an international road freight haulier*

Member countries shall ensure that the competent authorities withdraw the licence to pursue the occupation of international road haulier if they establish that the provisions of paragraph 1.2 a), b) or c) are no longer satisfied. In the case where 1.2b) is not satisfied, the undertaking will be allowed not more than one year to present a financial plan showing that financial standing will be sustainably fulfilled in the foreseeable future. In the case where 1.2c) is not satisfied, the undertaking will be allowed not more than one year for a replacement to be appointed.

Chapter III. Access to ECMT Member country market for road freight transport services

1. *General Provisions*

Without prejudice to the conditions governing the ECMT multilateral quota, Member countries may apply a bilateral regime of permits, with or without quotas.

2. *Liberalised Transport*

In order to facilitate international transport in the ECMT Member countries and to achieve a better use of vehicles, the following categories of transport are exempted from multilateral and bilateral transport permit requirements:

- 1) The transport of goods by motor vehicles whose Total Permissible Laden Weight (TPLW), including trailers, does not exceed 6 tonnes, or when the permitted payload, including trailers, does not exceed 3.5 tonnes⁴.
- 2) The transport of goods on an occasional basis, to or from airports, in cases where services are diverted.
- 3) The transport of vehicles which are damaged or have broken down and the movement of breakdown repair vehicles.
- 4) Unladen runs by a goods vehicle sent to replace a vehicle, which has broken down in another country, and also the return run, after repair, of the vehicle that had broken down⁵.
- 5) Transport of livestock in vehicles purpose-built or permanently converted for the transport of livestock and recognised as such by the Member countries' Authorities concerned.⁶
- 6) Transport of spare parts and provisions for ocean-going ships and aircraft⁷.
- 7) Transport of medical supplies and equipment needed for emergencies, more particularly in response to natural disasters and humanitarian needs.
- 8) Transport for non-commercial purposes of works and objects of art for fairs and exhibitions.
- 9) Transport for non-commercial purposes of properties, accessories and animals to or from theatrical, musical, film, sports or circus performances, fairs or fetes, and those intended for radio recordings, or for film or television production.

- 10) The transport of goods on own account.⁸
- 11) Funeral transport.
- 12) Postal transport carried out as a public service⁹.

3. *Permit and Authorisation regimes*

3.1. When a journey is undertaken using a coupled combination of vehicles, the permit is obtained from the competent authority in the country in which the tractor is registered. This permit covers the coupled combination of vehicles, even if the trailer or the semi-trailer is not registered in the name of the holder of the permit, or is registered in another Member country.

3.2. Transport of goods of abnormal weight or dimensions is subject to special authorisations from the competent authorities of the countries where the transport is carried out.

3.3. Removals carried out by undertakings with special staff and equipment for this purpose are not subject to quota, but are subject to special authorisation¹⁰.

Chapter IV. Social provisions

Member countries will apply the provisions of the European Agreement concerning the Work of Crews of Vehicles Engaged in International Road Transport (AETR) of 1 July 1970 (Geneva), as amended subsequently. The Member countries, which have not yet adhered to the AETR agreement, should apply the equivalent provisions in the interim. Enforcement procedures, in particular as far as controls are concerned, on the road and in enterprises, should aim to conform to the provisions set out in EC Directive 88/599.

Chapter V. Fiscal provisions

1. Without prevailing on fiscal provisions relating to international road freight transport operations as they exist in ECMT Member countries, especially as far as the nature, the amount or the definition of each fiscal provision is concerned, ECMT Member countries will implement those fiscal provisions in a transparent manner without discrimination towards international road freight hauliers, established in an ECMT Member country.

2. Information between ECMT Member countries relating to fiscal provisions applied to international road haulage on their territories will be put in place. The Secretariat will provide every year a comprehensive document informing on fiscal provisions applied to international road haulage in every ECMT Member country. Information about changes to be introduced in a Member country during a year will be provided in separate documents.

Chapter VI. Mutual assistance

1. Member countries should lend each other mutual assistance for the purpose of implementing the present Resolution.

2. The Member country, in which the offence is committed, shall provide the Member country in which such a transport operator is established, with all the information in its possession concerning the infringements and the penalties that have been imposed, which can lead to suspension of driving in the former country. A request may be made of the competent Authorities in the Member country of

establishment, that such measures as may be necessary be taken to ensure that the carrier, once again, complies with the regulations governing access to the markets of the ECMT Member countries, therefore avoiding any repetition of the offence.

3. In the event of any serious or repeated minor breaches of transport regulations in one or more Member countries, the competent Authorities of the Member country in which the carrier having committed those offences is established, may retract bilateral or multilateral transport licences. For the carrier having committed serious infringements of transport regulations, the most stringent penalty consists of the withdrawal of the authorisation to practise as an international road freight operator.

Chapter VII. Final provisions

1. Member countries reserve the right to withhold certain provisions contained in this Resolution from operators licensed in a Member country, which does not apply the principle of reciprocity.

2. The present Resolution does not affect European Union law, the provisions in the agreement on the European Economic Area or agreements between the European Union and non-EU countries that are Members of the ECMT.

3. This Consolidated Resolution shall replace ECMT Resolutions 44, 47, 53, 90/1 and 94/4.

NOTES

1. Cf. ECMT Resolution CEMT/CM(94)13/Final on the promotion of Combined Transport adopted in Annecy in May 1994.
2. Switzerland entered a reservation on the whole chapter.
3. Minima required within the European Union (Directive 98/76/EEC adopted by the Council on 1.10.1998):
 - 1st vehicle: 9 000 euros
 - any supplementary vehicle: 5 000 euros.
4. Austria, Finland and Italy entered a reservation under item 1).
5. The Russian Federation entered a reservation under item 4).
6. Austria, the Czech Republic, Estonia, France, Hungary, Poland, the Russian Federation and Switzerland entered a reservation under item 5).
7. The Czech Republic and the Russian Federation entered a reservation under item 6).
8. Austria, Belarus, the Czech Republic, Estonia, Finland, France, Hungary, Italy, Lithuania, Poland, Portugal, the Russian Federation and Turkey entered a reservation under item 10).
9. Austria and Germany entered a reservation under item 12).
10. The ECMT model for the authorisation should then be used.

RESOLUTION No. 2000/2 ON THE DEVELOPMENT OF THE MULTILATERAL QUOTA

[CEMT/CM(2000)12/FINAL]

The Council of Ministers, meeting in Prague, on 30 and 31 May 2000,

RECALLS the agreement reached in 1999 “that the quota should take into account, in the future and in the most appropriate manner, EURO 3 standards, once they have been explicitly defined [CEMT/CM(99)12];

TAKES NOTE of the decision of the European Union Council on Environment, held on 13 and 14 December 1999, concerning exhaust emissions for road vehicles [Directive 1999/96/EC of 13 December 1999];

UNDERLINES that, in conformity with the principles developed in the framework of sustainable transport and the protection of the environment, it would be appropriate to allow in international traffic, only those vehicles which are the most efficient, as far as noise, exhaust emissions and safety are concerned;

NOTES that, with a view to simplifying the system, whilst long and short term licences may both continue to circulate, it might be appropriate to limit the categories of vehicles which are eligible for ECMT licences;

DECIDES TO:

- introduce a special quota for a “*EURO 3 safe*” lorries as of 1 January 2002;
- give Member countries, from that date onward, the possibility to choose between a quota for “green lorries”, a quota for “greener and safe lorries” and a quota for “EURO 3 safe” lorries;
- gradually give priority to the “EURO 3 safe” lorry quota, as opposed to the “greener and safe lorry” and the “green lorry” quotas, according to an exchange rate to be decided upon during the ECMT Council of Ministers to be held in 2001, bearing in mind that , from 1st January 2002, only “green”, “greener and safe” and “EURO 3 safe” lorries will benefit from ECMT licences;
- “reward” the countries which have adapted their international vehicle fleet to high environmental and safety standards, by giving them a bonus to be defined also at the Council of Ministers in 2001;

NOTES that no Delegation opposed, in 1998 and 1999, the principle of a special quota* for Bosnia-Herzegovina and Moldova in 1998, and for Albania and FYR Macedonia in 1999 on “humanitarian” grounds, in view of these countries’ economic and political circumstances, and on condition that it would be for a limited period of time -- 3 years maximum -- based on

particularly serious economic situations due to natural catastrophes or war, together with the impossibility, or great difficulty, of using other freight transport modes than roads, and that such a special quota would be reconsidered every year;

CONFIRMS that, following the procedure adopted in 1998, Albania, Bosnia-Herzegovina, FYR Macedonia and Moldova will continue to receive a special quota, as in 2000, and for a supplementary year beginning 1st January 2001;

INSTRUCTS the Committee of Deputies to:

- establish, for the Council of Ministers to be held in May 2001, the exchange rate for quotas between the various categories of vehicles existing in the ECMT multilateral quota valid in 2002 and the additional bonuses to be allocated;
- specify the requirements for the "EURO 3 safe" lorry, following the same approach as that developed for the adoption of the "green" lorry and the "greener and safe" lorry schemes [CEMT/CM(96)5 and CEMT/CM(97)20/Final];
- keep the same approach for the future development of the quota, when implementing "EURO 4" standards, i.e. maintain only three categories of vehicles -- those which respect the highest environmental and safety standards -- benefiting from ECMT licences;
- report in 2001 on the development of the economic situation, in particular as far as transport is concerned, of the four countries benefiting at present from a special quota, taking into account the fact that two of them -- Bosnia-Herzegovina and Moldova -- should normally no longer benefit from any special quota as from 1st January 2002.

Cover Note

The ECMT Council of Ministers, meeting in Warsaw in May 1999, agreed “that the quota should take into account, in the future and in the most appropriate manner, EURO 3 standards, once they have been explicitly defined [CEMT/CM(99)12].

The European Union Council on Environment, held on 13 and 14 December 1999 agreed upon the proposals concerning exhaust emissions for road vehicles as established by common accord in April 1999 [Directive 1999/96/EC of 13 December 1999, J.O. L.44 of 16 February 2000]. The Table below provides the main characteristics concerning emissions standards for heavy vehicles.

EURO 3 standards will come into force in *October 2000*, for *new heavy diesel lorries* and EURO 4 standards will be implemented as from October 2005. From this date, all new diesel vehicles should also be fitted with “particle traps”.

The most important figure, as far as EURO 3 standards are concerned, is that for NO_x emissions. In EURO 1 standards (which correspond to ECMT “green” lorries), the limit for NO_x emissions was set at 9.0 g/kW/h. EURO 2 reduced it to 7.0. Under EURO 3 standards, the limit will come down to 5.0.

In the event that a new vehicle category is introduced in the multilateral quota system, it seems appropriate to reflect on the possible suppression of one existing category (traditional lorries) which, at present, benefit from international transport licences. This would, on the one hand, simplify management of the system. On the other hand, it would conform with the ideas developed in the framework of sustainable transport and protection of the environment, because within the ECMT area, only those vehicles which are the most efficient, as far as noise, exhaust emissions and safety are concerned, would be permitted in international traffic.

Along the same lines, if such a decision is taken, when EURO 4 standards come into force (October 2005 and in theory they could be applied to the ECMT quota from January 2006), it could be opportune to consider the suppression of a further category, the green lorry (EURO 1 standard). Stricter safety standards than those introduced in the quota together with EURO 2 standards could also be introduced at the same time as EURO 4 standards.

Finally Ministers are required, every year, to consider the renewal of the special quota allowed (for a maximum period of three years) some Member countries. This procedure is also covered in the draft Resolution.

**European emission standards for heavy duty vehicles (lorries)
applying to vehicle series production**

		g/kW/h					
As from		CO	NOx	VOCs	Particulate matter		Smokes
					< 85kW	> 85kW	
EURO 1	1.10.1993	4.9	9	1.23	0.68	0.4	
EURO 2	1.10.1996	4	7	1.1		0.15	
EURO 3	1.10.2000	2.1	5	0.66		0.1	0.8
EURO 4	1.10.2005	1.5	3.5	0.46		0.02	0.5

CO = Carbon monoxide
 NOx = Nitrogen oxide
 VOCs = Volatile Organic Compounds

**RESOLUTION No. 2000/3 ON CHARGES AND TAXES IN TRANSPORT
PARTICULARLY IN INTERNATIONAL ROAD HAULAGE**

[CEMT/CM(2000)13/FINAL]

The Council of Ministers of the ECMT, meeting in Prague on 30 and 31 May 2000:

NOTING the conclusions reported in document CEMT/CM(2000)14 and CEMT/CM(99)15 and recalling the mandate in document CEMT/CM(99)14;

ACKNOWLEDGING that every ECMT Member state has the sovereign right to introduce and apply taxes and fiscal charges on international road haulage services, and that this is primarily the responsibility of Ministers of Finance;

CONSIDERING that it is, however, incumbent on Ministers of transport to provide advice on fiscal issues because they affect the efficiency of the transport sector both domestically and in international traffic;

CONVINCED that charges and taxes on international road haulage services should comply with the principle of non-discrimination between national and foreign road haulage operators;

CONVINCED that transparency is an essential condition for guaranteeing non-discrimination – and that this requires avoiding a multiplicity of charges and ensuring a reasonable degree of predictability in the level and structure of charges;

CONVINCED that charges and taxes should be structured and set at levels that promote the efficiency and sustainability of transport;

NOTING that transport charges and taxes will be most efficient when based on marginal social costs, to the extent that these can be identified;

NOTING that, although important, efficiency is not the only criteria on which decisions relating to transport charges are made and that Governments may take other objectives, such as cost recovery targets related to financing infrastructure investments, into account in determining the level of charges;

CONVINCED that the principle of reciprocity on which bilateral road haulage arrangements are based may introduce discrimination between hauliers from different Member countries since the obligation to pay (or exemption from) charges is based on nationality;

RECOMMENDS in consequence, that recourse to bilateral agreements is gradually phased out as measures are taken to eliminate other sources of discrimination and in order to improve the effectiveness of multilateral frameworks for international transport such as the ECMT;

RECOMMENDS gradually shifting the structure of taxation in transport to increase the share of more territorially based taxes and charges (e.g. tolls and km-charges) -- i.e. taxes that are not related to the place where a haulier is established or to the type of transport operation carried out -- as this contributes at the same time to:

- ensuring non-discrimination;
- improving efficiency;
- avoiding problems of competitiveness between national haulage industries;
- and promoting sustainability.

AGREES to support measures to simplify the system of charges levied on international haulage, reducing the number and variety of specific charges, as a practical step in reducing the scope for discrimination;

INSTRUCTS the Committee of Deputies to examine progress in Member countries towards the goals of guaranteeing non-discrimination and non-accumulation of charges in international haulage and improving efficiency in the taxation of transport, reporting to Council within 3 years.

**DECISIONS AND DECLARATIONS APPROVED
BY THE COUNCIL OF MINISTERS OF TRANSPORT IN 2000**

DECISION ON SUSTAINABLE DEVELOPMENT

[CEMT/CM(2000)1/FINAL]

Ministers are asked:

- To note the background reports and summaries on:
 - The Joint ECMT-ACEA-OICA Conference: Smart CO2 Reductions;
 - Quantifying CO2 Abatement Policies;
 - Vehicle Emission Trends;
 - Assessing the Benefits of Transport;
 - Strategic Environmental Assessment for Transport;
 - Short Sea Shipping;
 - Safety in Road Traffic for Vulnerable Users.

- To note the substantial progress being made in a number of areas, and reported in this paper.
 - To recognise that there remain important problems and challenges:
 - Unsustainable rates of traffic growth, locally or at regional or international scales;
 - Severe noise, severance and intimidation nuisances from traffic in built up areas;
 - Persistent growth in emissions of greenhouse gases from transport;
 - Poor air quality in specific locations despite substantial progress in vehicle emissions controls;
 - Destruction and fragmentation of protected landscapes and habitats.
 - To note that many sustainability issues can only be resolved if decisions affecting access to jobs, to housing, to goods and services and for business and industry, are taken in an integrated manner across the sectoral divisions of the different administrations concerned.

- To accept this implies that:
 - Transport Ministers need a stronger voice in land use planning decisions and other areas such as housing and regional development policy if unsustainable traffic generation is to be avoided;
 - Transport Ministers will have to play an increasingly significant role in shaping fiscal policy where it affects transport prices in order that cost effective economic instruments can be used effectively.

- A more coherent policy is required towards the pricing and financing of transport infrastructure, based on the public benefits of transport infrastructure and the external costs of its use. To this end, public spending decisions on proposed investments should be based more clearly on the results of socio-economic assessments undertaken by transport and environment authorities.
 - In return, this requires that economic assessment procedures are improved to take full account of distortions in transport markets and identify clearly how benefits are expected to accrue to target beneficiaries. It also requires that environmental assessments adequately cover strategic issues.
- To agree, in summary, that they need to take a more proactive lead in achieving sustainable development. Integration of transport and environment policy is essential to sustainable development and it is a two way process. Transport ministries cannot make their full contribution unless they have a strong voice in the traffic and mobility impacts of decisions taken outside their sector.
- To confirm the importance attached to pursuing work in ECMT on the development of more sustainable transport policies with particular attention to:
- integrating transport policies with policies in other sectors;
 - reducing greenhouse gas emissions in the transport sector;
 - managing environmental impacts in the newer Member countries;
 - and improving decision making procedures in relation to infrastructure investments.

SUSTAINABLE TRANSPORT POLICIES

Maximising present and future welfare

The objective of sustainable development is to maximise welfare, and provide a sound economic, social and environmental base for both present and future generations¹. This paper identifies key issues for transport policy over the medium and longer terms and reviews progress to date towards the development of more sustainable transport policies, following up on the Comprehensive Resolution on Transport and the Environment of 1989 and other recommendations and resolutions agreed since then².

1. Key Policy Issues

The development of sustainable transport policies implies reconciling environmental, social and economic objectives and will require further improvements on a wide range of fronts for inland transport.

Accidents

Death and injury from accidents are the most important issue in making transport systems more sustainable. Current rates of death and injury from road accidents are regarded as far from acceptable by Governments even in countries at the forefront of road safety performance. Accident rates in other modes, though much lower are still not regarded as acceptable. However, policy responses are not addressed in this report as road safety is the subject of a considerable volume of ECMT work in its own right.

Excluding accidents, the key issues for current policy making can be summarised as follows.

Wealth creation

– Transport is a fundamental element in the creation of wealth. Improving access to markets for jobs, housing, goods and services is essential to realising the goals of European economic integration across the continent. Facilitating the free movement of people in Europe is important for the social as well as the economic dimension of integration. Infrastructure investments are not always the most efficient route to improving access, but unnecessary delays in commencing work on valid projects as a result of poorly co-ordinated tests of economic utility, financial viability and environmental acceptability are increasingly perceived to be a barrier to integration and economic renewal.

Access

– All citizens should benefit from the access transport services provide in a reasonably equitable manner. This implies avoiding excessive dependence on private automobiles if certain sections of society are not to be excluded.

- Traffic growth* – Recent rates of road traffic growth are widely viewed as unsustainable in many countries. Failure to integrate land use planning sufficiently with transport policy has in many places been the cause of traffic demand that is difficult to manage. A certain degree of congestion should be expected on optimally dimensioned roads but it is unacceptably severe in some locations and at some times in many Member countries.
- In many sensitive areas it is no longer possible to construct new infrastructure for reasons of noise, space or the existing impact of heavy traffic. On some trade routes through mountain valleys only very limited further growth in road traffic is acceptable and new traffic will have to be carried by other modes, with consequent heavy investments in rail infrastructure in some cases.
- Intimidation* – The severance, nuisance and intimidation effects of road traffic for pedestrians and other non-motorised pavement and road users in built environments are in many places severe.
- Nature* – The costs attributed by the public to impacts of transport infrastructure investments on landscapes and biodiversity are rising.
- Noise* – Noise, from road use and from rail freight, in urban areas and in mountain valleys, is a major and growing problem. It frequently ranks top of the environmental issues of concern in household surveys. It is also important to conserve existing areas of quiet and limit the fragmentation that can result from the construction of new infrastructure.
- CO₂* – Most Member countries have still to identify, in quantitative terms, measures for the transport sector that will make a sufficient contribution to meeting the economy-wide targets set under the 1997 UN Kyoto Protocol on reducing emissions of CO₂.
- Air quality* – In many countries there have been striking improvements in the emissions of air pollutants from new vehicles over the last decade and two further rounds of significant cuts have been agreed in the EU in respect of CO, NO_x, hydrocarbons, particulate matter and benzene. Important work in this direction is also undertaken by the UN/ECE Inland Transport Committee.
- However, at least for the medium term, air quality with respect to NO_x, ozone and particulate concentrations remains a problem in many locations at a local and sometimes regional scale. The influence of prevailing weather patterns and topography, as well as traffic conditions, make the nature of air quality concerns specific to location.
- In most transition economies, developing strategies to reduce CO, hydrocarbon, NO_x and particulate emissions from both new and existing vehicles remains a challenge. Air quality is deteriorating in many cities in these countries, with rapid growth in the car fleet through the addition of used and new vehicles with poor environmental performance.

- Enforcement* – Ineffective enforcement of existing regulations, e.g. parking regulations and vehicle inspections, exacerbates some of the above issues. This is the result of either insufficient resources being allocated to enforcement or to inappropriate design of regulations. In many cases improving the design or enforcement of existing regulations should be addressed before introducing additional measures.

2. Progress

The Council's comprehensive Resolution on Transport and the Environment of 1989 (No. 66) makes recommendations on all of these issues, many of which remain highly relevant. Progress in areas covered by the resolution is reported here.

Vehicle emissions controls

Euro 3 & 4 standards and the Auto oil programme

In relation to vehicle emissions controls, the Council recommended that best available technology be applied to the maximum extent practically possible at acceptable cost. In the intervening period, four rounds of negotiations have cut EU emissions limits for new vehicles very substantially and the UN/ECE is following a similar course in developing emissions regulations under the 1958 Geneva Agreement. The joint Auto-oil programme of the European Commission, ACEA and EUROPIA has defined what is practically possible and what constitutes acceptable costs on the basis of cost effectiveness over a series of time horizons. The European Parliament played a key role in the process of negotiations required to reach a consensus acceptable to the public.

The work continues under Auto-oil II, as technological development of anti-pollution techniques progresses and modelling of the impact of emissions on health and the environment improves. Results of the Auto-oil programme have been applied in recent rounds of EU emissions regulations for both light and heavy-duty vehicles.

Eco trucks under ECMT multilateral quota

The ECMT multilateral quota has been regularly updated to provide continuing incentives for the use of the cleanest trucks available in step with changes in future emissions regulations through the green quotas. An extension, preparing the way for incorporation of Euro 3 and 4 standards, is to be tabled in the 2000 Prague Council.

Emission limits, tests & inspection under UN agreements

The 1997 UN/ECE Vienna conference on transport and the environment provided for EU and UN/ECE emissions limits and technical inspection procedures to be applied to all international truck and car traffic through the Agreement Concerning the Adoption of Uniform Conditions for Periodical Technical Inspections of Wheeled Vehicles and the Reciprocal Recognition of Such Inspections. ECMT Member Governments that have not yet done so are urged to ratify the agreement.

The 1998 UN/ECE Global Agreement provides for the development of harmonised world wide vehicle and testing procedures, including in respect of environmental emissions. Preparations for world wide emissions certification for truck engines are planned to be completed between 2005 and 2008.

*Phase out of
leaded petrol*

The Council's recommendations on fuels have also been addressed, by Auto-oil I and through the phase out of leaded petrol recited in ECMT Resolution 99/6 and implemented, in particular, by EU Directive 98/70/EC and observance of the 1998 UN/ECE Declaration on the Phase out of Added Lead in Petrol.

Greenhouse gas emissions

*ECMT & EU
voluntary
agreements*

Council recommendations on global pollution issues were followed up by the 1995 ECMT Joint Declaration with ACEA and OICA on the reduction of CO₂ emissions from new cars which agreed on significant and continuous improvements in fuel efficiency. The subsequent ACEA voluntary agreement concluded with the European Commission quantifies the industry's commitment with targets. Monitoring under the ECMT agreement suggests that the trend in average emissions from new passenger cars is currently on course to meet the target of 140g of CO₂ per km in 2008 (a 25% reduction compared to 1995). This represents much the largest contribution in the transport sector to measures taken so far towards meeting the commitments to reduce CO₂ emissions made under the 1997 UN Kyoto protocol.

Efficiency and traffic management

*ECMT
Resolution on
internalisation*

In relation to the Council's recommendations on traffic management which underlined the importance of improving the efficiency and commercial organisation of transport, gradual progress has been made. Specifically, a Resolution on the Policy Approach to Internalising the External Costs of Transport was adopted in 1998. This was followed up by a report establishing a methodology for making international comparisons of transport charges and taxes and recommendations on efficient transport taxation and a draft resolution to be considered at the 2000 Prague Council.

Policy approaches towards travel in urban areas remains particularly challenging and now focus on the necessity of integrated strategies that combine urban land use and transport planning, improvement of public transport systems and pricing measures. This integrated policy approach requires more effective horizontal and vertical coordination between policy institutions and implementing bodies accustomed to working somewhat independently. Achieving a sufficient degree of integration has been difficult in practice and slowed the implementation of widely accepted principles for sustainability in urban travel such as those set out jointly in 1995 by ECMT and the OECD³.

Infrastructure investments

Strategic environmental assessment for TENs and TINA

In relation to infrastructure, Council called for better environmental assessment, better public consultation and better assessment of infrastructure needs. In 1997, the Council made recommendations on strategic environmental assessment and took up the issue again in 1999/2000 with a report and recommendations that highlight, inter alia, the need for SEA of corridors in central and eastern Europe where TINA projects are located and also further east in the New Independent States. Assessing infrastructure needs is a regular ECMT exercise and recommendations on assessing the benefits of transport were also prepared in 2000. On better public consultation, the 1998 UN Aarhus Declaration on Access to Information, Public Participation in Decision Making and Access to Justice in Environmental Matters is the seminal policy statement.

UN and EU transport and environment policy statements

In October 1999, the EU Council agreed a Strategy on the integration of environment and sustainable development into transport policy; in June 1999 Ministers from 51 European countries adopted the WHO Charter on Transport, Environment and Health; and in 1997 transport and environment Ministers adopted the UN/ECE Declaration on Transport and the Environment. These three recent international declarations cover many of the areas of concern identified above.

EU strategy

The EU Strategy states that long term environmental concerns should play a role equal to other concerns, such as economic and social factors, when formulating future transport policy. Notably, the EU Council called on Member States to develop integrated strategies to promote sustainable development, leading where necessary to co-ordinated measures.

3. Policy Objectives

The challenge of developing transport policies for sustainable development is to orient the sector towards a compromise that maximises the economic and social benefits of transport and minimises associated environmental, social and economic costs. Many of the measures required to achieve this balance are not new, the main difficulty is effective implementation.

Efficiency

Combine regulation, pricing & better service quality

The most efficient approach to achieving sustainable development of the transport sector requires a combination of regulatory instruments (particularly for vehicle emissions) and restructuring of charges and taxes on the basis of marginal costs (including external costs) to provide incentives to reduce external costs to optimal levels. It often also requires improvement of the quality of transport, especially rail services (ensuring reliability and complete logistic services) and promotion of inter-modal services. Failure to structure charges efficiently will make the use of other tools much less cost effective.

Restructure charges & taxes Initially the structure of charges is more important than the precise level. It should be noted that efficient prices do not generally coincide with coverage of total infrastructure costs (for example in railways efficient prices will in many cases leave substantial uncovered infrastructure costs; and for urban roads efficient prices will raise revenues substantially above capital infrastructure costs). In this context it has to be acknowledged that efficiency is not the only political consideration in setting the level of charges, and budgetary pressures at times result in increasing charges above marginal social cost levels. Moreover, full cost coverage is viewed as an important principle in some countries.

Electronic t-km charges for trucks are now possible Technological advance has brought down costs and opened opportunities for introducing charges closely linked to the incidence of external costs. This now appears feasible for heavy goods vehicles and an electronic km charge could be introduced to replace part of existing fuel charges and annual vehicle taxes, as for example will the new Swiss Heavy Vehicle Fee which will enter into force in 2001. Recent restructuring of the Eurovignette in 6 Member countries to provide environmental incentives is consistent with Resolution 98/1 on the policy approach to internalising the external costs of transport. Dissatisfaction with the current system in some participating countries presents an opportunity to replace it with an international system of electronic t-km charges. Other countries could join such a new truck charging system rather than increasing existing fuel charges and fixed taxes.

Three point strategy More generally, a number of Member countries have adopted a three part strategy for improving the incentives produced by charges levied on all vehicles: shifting the emphasis from fixed to variable charges; introducing relatively simple systems of use charges; and differentiating both fixed and use charges.

Congestion

Adjusting expectations To some extent congestion is a form of rationing that reflects the absence of a pricing mechanism for road space. In some places chronic congestion is the result of under-investment in road capacity over a prolonged period. Frequently it results from a failure to integrate land-use and transport planning. To some extent, however, concern with congestion reflects unrealistic expectations that free-flow conditions should be the norm — optimally dimensioned infrastructure will inevitably be congested at peak periods of use. The utility of even crowded transport infrastructure is such that net benefits remain positive, even when quite extended periods of congestion are encountered. A better understanding of the way economic benefits get transferred from direct users of infrastructure to their employers, customers and other economic agents is required.

Congestion pricing can certainly improve traffic flows on inter-urban trunk roads and its potential for managing congestion in urban areas needs to be assessed through trials in pilot cities. Better integration of land-use and transport planning is the underlying imperative for the longer term.

Urban travel

Integrating land use planning and traffic management

Current best practice in local planning and traffic management policies is an appropriate target for all Member countries in many areas of urban traffic management, for example in addressing the severance and nuisance effects of road traffic. In the ongoing joint ECMT/OECD work, it is becoming clear that although progress is slow, a majority of cities experiencing chronic congestion and air quality problems are introducing measures to improve the efficiency of urban travel. Much is being done to enhance public transport solutions, for example improving service quality and integrating public transport networks into a more individualised “door-to-door” approach to urban mobility. It is widely accepted, however, that public transport cannot solve the problem alone and complementary pricing measures (including for parking) are essential as an incentive for more optimal use of private cars. Recent European research and the experience with planning guidelines of several countries, including the Netherlands (where the “ABC” guidelines direct developments to different sites according to their public and private transport impacts and needs), has highlighted the importance of coherence between policy towards the development of urban planning, public transport and parking.

Greenhouse gas emissions

Quantify cuts in CO₂ emissions

To ensure cost-effective CO₂ emissions reductions, the measures applied to the transport sector should be determined on the basis of a cross-sectoral analysis of possible measures. The first step in the transport sector is to accurately quantify the emissions reductions expected from national and multilateral measures already taken and proposed. Reference to a robust base case scenario for emissions projections is important. The process is underway in most Member countries, but not complete in any as yet.

Smart emissions reductions

To complement the ACEA voluntary agreement on emissions from new cars, efforts to influence driving styles and ensure adequate maintenance of vehicles are likely to be most rewarding in the short term. Economic instruments will be important both in providing incentives for accelerating the uptake of more fuel efficient vehicles and in managing demand. Improved traffic management has made a significant contribution in a number of cities (e.g. Turin) particularly through integrated measures to improve information in real time on congestion and information on bus arrival times (a key factor in quality of service).

Voluntary agreement for light goods vehicles?

For the longer term complementary progress in improving the fuel efficiency of commercial vehicles, especially the lighter vehicles, is required and a further voluntary agreement could be appropriate. Cost sensitivity and the modularity of vehicle models complicates the issue for heavy goods vehicles where improved driver behaviour and advances in logistics and information technology appear to offer the greatest potential for emissions reductions.

The outlook for CO₂ emissions trends suggests some stabilisation in emissions from passenger cars whilst emissions from trucks and air transport continue to grow, truck emissions overtaking car emissions in the near future. This suggests efforts should now focus on measures to deliver emissions reductions in these fast growing sub-sectors.

More support for advanced technology

Technological advance is a key part of all strategies to reduce emissions. There is therefore a role for efficiently targeted public support for research and development in improved engine and vehicle technology and design. Some joint research with industry is being funded under the current research programme of the European Community and there is scope to expand the co-operation at both national and international levels.

Government measures are required both to sustain technological development, notably towards low emissions vehicles, and to moderate transport demand. In this latter respect the measures already discussed in relation to land use planning, inter-modal transport and improving urban mass transport are important.

Smart measures — immediate gains

Because of the relatively long time frame for many measures to achieve their full potential, it is necessary to make an early start in order to achieve the CO₂ emissions reductions required. This underlines the importance of non-product measures (for example changing driver behaviour, improving vehicle inspection and maintenance programmes, raising tyre pressures) which have an impact on existing vehicles in use and have at least as great a potential as improvements to vehicle design.

A coherent regulatory framework is required to avoid obstacles to the commercialisation of technological advances. This sometimes requires explicit trade-offs between incompatible regulatory pressures. Fuel quality is an important part of this equation. It also requires a degree of uniformity in the regulations and incentives introduced across Europe in order to achieve economies of scale, for example in the development of the use of alternative fuels.

Air quality

Inspection & maintenance

Measures to improve maintenance of existing vehicles and accelerate uptake of low emission vehicles are required if current advances in vehicle technology and emissions regulations are to have an impact on air quality in the short to medium term, in all Member countries. The remarks made in the previous section on driver behaviour and other non-product measures also apply.

Success in cutting the mass and number of particles emitted?

An assessment of the impact of the particulate emission limits planned to enter into force will be important in determining what further measures, if any, should be envisaged. Particle traps, recently commercialised on some diesel cars and on trucks, are expected to cut not only the mass of particles but also the number of particles emitted, reducing emissions to levels comparable with petrol engines. It appears, however, that some cars might be able to respect EU Euro 4 emissions regulations applicable from 2005 without the use of particle filters. If filters are not widely employed, further regulation of particulate emissions may be required, subject to the results of research into the health impacts, including cancer risks, of ultra-fine particles.

In the longer term, as a result of progress in reducing emissions from passenger cars and commercial vehicles, emissions from other kinds of vehicles (e.g. aircraft, diesel locomotives, motorbikes, agricultural and industrial vehicles) will become increasingly significant and attention should shift to these sources.

New member countries — old problems

In the newer Member countries additional measures to reduce emissions from new and existing vehicles are required. This includes developing and enforcing tighter emissions standards — based on the two latest rounds of EU emissions limits in order to avoid creating barriers in the international market for vehicles. For some of the major cities, introduction of measures to retrofit existing vehicles with pollution control devices and promote the use of alternative fuels needs to be considered, taking account of expected cost-effectiveness. Improving fuel quality will probably be an important part of strategies in these countries.

Noise

Integrated measures

Traffic from aircraft and on arterial roads can cause severe noise stress in homes, offices and schools etc. in their vicinity. Where noise exposure guidelines exist, exceedence tends to be widespread and frequent. Noise from rail operations, freight wagon brakes in particular, is not such a widespread problem but nevertheless significant and night-time noise restrictions can be a barrier to efficient use of the railways. Tackling problems of road and rail freight traffic noise will require a combination of measures to influence traffic, invest in noise barriers and reduce noise emissions at source. At the other end of the noise nuisance spectrum, quiet in recreational areas are increasingly compromised both in urban areas and in rural areas traversed by trunk roads.

Protect quiet spaces

Impacts of investments on landscapes and biodiversity

As the territorial extent of transport networks grows, more money will inevitably have to be spent on mitigation, more attention given to alternatives to construction and better procedures developed for public consultation (as set out in the 1998 UN/ECE Aarhus Declaration). The conclusions on strategic environmental assessment developed below are relevant here.

4. Decision Making

The real issue

During the last Council debate on environmental issues in 1997, the Dutch Minister underlined that despite the major environmental costs of transport, the benefits are large and the real issue is in making decisions that achieve the greatest benefits while minimising the costs. How this balance is reached in making decisions on transport projects, and also policies, is critical to making the transport system sustainable in practice.

Evaluating transport policies and projects

Accounting for market distortions

Recent work⁴ underlines the importance of good cost benefit analysis (CBA) to making sustainable investment and policy decisions. It also provides a framework for arriving at reliable results in the face of market failures that are widespread in transport, overcoming weaknesses in traditional CBA that has undermined its use in many countries. The framework identifies the economic circumstances in which additional analysis is appropriate according to the degree to which there is distortion in a) transport prices and b) the prices of products on the market:

- Where distortions are minor, good traditional CBA is adequate to capture all economic benefits flowing from the decision to invest. There are no significant additional economic benefits (e.g. from regional development) beyond those captured by the analysis.
- Where prices are distorted there will be additional benefits *and costs* to consider.
- But where *transport* prices are distorted, it will be appropriate to correct transport prices rather than shape investment decisions on the basis of inefficient pricing.

Who benefits in the end?

The distributional aspects of the benefits from investments are likely to be of overriding political importance, particularly in respect to regional development policy. Over time the beneficiaries of an investment change as, for example, companies relocate to extract the best advantage from the expansion of a road network. The ability of the economy to shift benefits to those who value them most in monetary terms may indeed make the original target beneficiaries worse off, once the economy fully adjusts to the new piece of infrastructure. Reliable analysis of the way benefits are expected to be realised, and the way they are expected to be captured and redistributed over time, should therefore be included as a priority in any cost benefit assessment. The way some of the initial time-savings get replaced by other, financial forms of benefit are particularly important, especially where an investment is designed to relieve congestion.

The right balance in public investment expenditure

The relation of project assessment to government spending decisions is of crucial importance. Transport projects that have passed a full CBA and satisfy environmental and legal conditions are not always implemented. This is often because they are believed to ‘crowd out’ private investments. There is a problem in that financial assessment tests differ between private and public sectors, making direct comparison of value for money difficult. The appropriate test for public spending is whether the calculated return on investment exceeds its cost by more than the opportunity cost of public funds. This might be measured by the long term bond rate, including a weighting if higher public expenditure would affect this rate. A project that passes this test would then be justified. Such a decision rule was employed in France (using an opportunity cost rate of 8%) for most of the 1990s. The rule has important implications for marginal social cost pricing in transport, demonstrating that its revenues arise as part of a consistent set of economic instruments and not as a result of under-investment. Further research to build consensus internationally should be encouraged in this field.

Strategic environmental assessment

Environmental impact assessments are an essential component of the process of making decisions on infrastructure investments. Shortcomings in this discipline have become apparent in relation to impacts that go beyond the scope of projects in isolation. Strategic environmental assessment (SEA) has emerged in response to address large scale effects including:

- impacts on traffic on the network beyond the geographical confines of the project assessment;
- regional and global environmental impacts including acidification, stratospheric ozone, climate change and biodiversity;
- and the environmental impacts of policy decisions.

Decision tool Recent work in ECMT highlights four key routes to maximising the effectiveness of this new tool:

- link SEA clearly to the planning process leading to an investment decision and begin it early;
- keep the output of SEAs simple and to the point, to maximise the impact on decision-makers;
- the only way to develop effective SEA methodologies and procedures is through practice;
- in the newer Member countries, SEAs along pan-European corridors, for example undertaken in conjunction with the TINA programme, are a priority.

Do it without delay The aim of procedures for SEA is to improve the decision making process by addressing fundamental environmental issues early in the planning process. When successful this should streamline decision making and eliminate unnecessary delays, rather than creating new barriers to implementation of successful projects.

5. Implementation

Implementation of the measures to achieve the policy objectives set out above is sometimes slow or politically difficult. Better understanding of how implementation can best be carried out and how barriers to the introduction of the appropriate measures can be overcome is important. A number of lessons emerge from ongoing work on implementing sustainable urban travel policies.

Consult with the public Consultation with the public and with interest groups is extremely important, not only in preparing proposals for infrastructure projects but also in introducing traffic management, pricing and other policy initiatives. Effective consultation requires time and resources but without it the risk of failure or prolonged delay close to planned implementation is exacerbated.

Work with the press It is vital to win popular and political support. This can make the introduction of measures better understood and accepted. It requires communication, campaigning with local or affected groups, mobilising support from groups who benefit as distinct from the rather natural mobilisation from groups who think they will not. The role of the media is crucial and it is necessary to work with the media to ensure balanced coverage. Proof by example, through well publicised pilot projects, can also be a powerful tool.

Build support The sequencing of measures can in some circumstances be planned to foster acceptance where a package of measures includes some that will be seen as positive and others as negative by certain interest groups. In a special case of this general principle, earmarking of revenues from new charging schemes to investment in improved transport services has also been used with success in some instances. Earmarking revenues to provide for the reduction of taxes elsewhere (inside or outside the sector) could probably be used to similar effect.

Enforce properly Effective enforcement is an essential part of implementation. Where enforcement proves problematic, modification of the regulation, charge, etc. to render enforcement easier may be appropriate but technological advance is increasing the opportunities for automatic enforcement of the law, for example with the existing use of speed governors on trucks and likely development of satellite tracking applications for pricing and possibly regulatory controls.

6. Enhanced Role for Transport Ministers

Taking a more proactive lead

External pressure for improved environmental protection has, over the decade since the Council's Comprehensive Resolution on Transport and the Environment, resulted in improved planning and regulation of the transport sector. Meeting the challenge of developing sustainable transport policies is now going to require a proactive lead from Transport Ministers. The emphasis will be on integrating sectoral policies, as emphasised for example in the 1998 EU Amsterdam Treaty. Integration of transport and environment policy is a two way process and transport Ministries cannot make their full contribution to sustainability unless the traffic and mobility impacts of decisions taken outside the sector are given adequate consideration. Transport Ministers thus will have a significant role in shaping fiscal policy where it affects transport prices. Transport Ministers also need a stronger voice in land use planning decisions if unsustainable traffic generation is to be avoided and similarly in other areas such as housing and regional development policy traditionally the responsibility of environment and other Ministers.

Integration is a two-way process

To achieve better policy integration, initiatives are particularly recommended in the following specific areas:

- Transport Ministers should advise Finance Ministers on ways charges and taxes for the use of transport infrastructure can be developed to improve the efficiency of the transport sector. This should be done both in the national context and in international institutions such as the ECMT to ensure coherent developments in this field across the continent;
- In making economic assessments of potential investments in transport infrastructure, transport and infrastructure ministries should take full account of distortions in transport prices. Assessments should also identify clearly how benefits are expected to accrue to target beneficiaries and take account of the way these benefits are likely to be captured by other economic groups over time, for example through changes in behaviour and in the location of industry. In seeking public funds for projects that have passed stringent cost benefit analysis and environmental evaluations, more weight should be given to objective tests of financial returns as opposed to arbitrary spending limits.
- Transport Ministers should seek to establish joint consultative procedures with planning authorities at local level and Environment, Housing, Public Works and Regional Development Ministers at a national level, to subject transport projects to environmental impact assessments and land use plans to assessments of transport impact.

Intelligent management

In the long term transport ministries will increasingly see a change in emphasis in their role and will be seen less as a simple provider of transport infrastructure and more as responsible for the intelligent management of the transport system as an integrated whole.

NOTES

1. Sustainable Development: A Renewed Effort by the OECD, OECD Policy Brief No.8, 1998.
2. The ECMT is mandated to work on inland transport but most of the conclusions and recommendations presented in this paper apply to all modes of transport.
3. Urban Travel and Sustainable Development, ECMT, Paris, 1995.
4. Assessing the Benefits of Transport [CEMT/CS(2000)9].

DECLARATION ON SAFETY IN ROAD TRAFFIC FOR VULNERABLE USERS

[CEMT/CM(2000)2/FINAL]

The Council of Ministers, meeting in Prague on 30-31 May 2000,

AFFIRMS that the development of a coherent pan-European transport system should be of benefit to all users. It has accordingly resolved, among other objectives of transport policy, to attach special attention to vulnerable road users, in order to guarantee them a real mobility that is also safe;

RECALLS that in the last few years it has dealt with the specific problems of vulnerable road users on numerous occasions and from several aspects. For example, in 1997, 1998 and 1999, it approved three reports and three draft resolutions forming a triptych dealing with cyclists, pedestrians and moped riders and motorcyclists respectively:

- Resolution on cyclists [CEMT/CM(97)11]
- Resolution on pedestrians [CEMT/CM(98)19/FINAL]
- Resolution on moped riders and motorcyclists [CEMT/CM(99)17].

The Council **RECOMMENDS** that all countries implement these Resolutions, as soon as possible.

In this connection, the Council recalls that the UN/ECE organised, from 1 to 7 May 2000, the Third Road Safety Week on the theme “Partnership on the road increases safety”, and that the ECMT contributed to this week by publishing the three aforementioned reports and resolutions.

The Council is nonetheless aware that much still remains to be done to improve the safety of vulnerable users, both at the level of behaviour and infrastructure and vehicles. The aim is not, however, to promote a single model but to strive to develop several strategies incorporating the various differences that exist from one country to another, and to pursue the exchange of experiences with regard to the different approaches, drawing upon what it is agreed to call “good practice”.

To this end, the Council:

REAFFIRMS the ECMT’s approach, this being:

- to take a forward-looking approach to transport and road safety policies;
- to formulate recommendations on the basis of which governments and the competent organisations and institutions can develop appropriate regulations;

- to contribute, in co-operation with bodies and organisations directly involved, to developing strategies to bring about the necessary changes, particularly behavioural ones, which cannot be achieved by legal provisions alone;

INSTRUCTS the Committee of Deputies to take all the necessary steps to implement this approach and to report back to it in due course on the measures it advocates for this purpose.

SUSTAINABLE DEVELOPMENT
SUMMARY AND RECOMMENDATIONS ON SHORT SEA SHIPPING

[CEMT/CM(2000)3/FINAL]

This report is published under the title
“Short Sea Shipping in Europe”
ISBN 92-821-1269-1

The conclusion to emerge from the report on “Short sea shipping: an alternative to European inland transport, or a complementary mode?” [CEMT/CM(2000)9], which deals exclusively with freight transport, is that short sea shipping (SSS), must now be regarded not simply as an alternative to road transport, but also, in the context of modal complementarity, as a separate component in its own right of an integrated transport network aimed at optimising the efficiency of logistics. It is important to acknowledge in this respect the global character of the shipping industry as a whole. Although statistics are lacking, it is generally estimated that 30 per cent of intra-European freight is carried by maritime transport and a major part of this by short sea shipping. Short sea shipping is particularly relevant to countries with a coastline on the enclosed seas bordering Europe (in particular, the Baltic Sea, the Black Sea, or indeed the Mediterranean Sea) and is expected to expand with the increasing globalisation of trade.

Certain of the main features of short sea shipping reviewed in the report prompt a number of conclusions, in some cases inescapable, as regards short sea shipping in its own right and as part of the transport chain, more particularly the combined transport chain. The present summary focuses however solely on the role that short sea shipping could play in combined transport.

1. Promoting short sea shipping

By integrating short sea shipping with combined transport, the aim is to include maritime shipping as a type of transport in multimodal traffic flows. It will thus be possible for the combined transport sector to achieve the modal shift from road to alternative environmentally-friendly transport modes — in this case, the waterborne transport chain — on a wider scale.

Ports — as interfaces — are particularly important for the integration of short sea shipping with combined transport modes. For combined transport, ports are major transshipment points at which road, rail and river and sea traffic converge. As such they, and particularly the port transfer terminals they require, should be included in appropriate combined transport promotion programmes, responding to the criteria set up in paragraph 6 below, just as inland transfer terminals are. This is a role that could be played by the SSS information bureaux that have already been set up in some European ports.

Land and river access is increasingly a key factor in the competitiveness of seaports. If short sea shipping is to be integrated with combined transport, it is vital that rail and river infrastructure links and where necessary for access to ports, road infrastructure links, be improved.

2. Harmonising terms of competition and progressive market liberalisation

While free and non-discriminatory access to Europe's transport markets is vital for the efficient operation of transport networks and logistics services, market liberalisation will not be enough to ensure sustainable mobility, without incentive measures. The first step is to establish a level playing field as soon as possible, particularly as regards social, environmental, technical and fiscal conditions. Given the high costs of transport infrastructure, particularly for rail and inland waterway modes, the longer term would require a more sustained effort to internalise external costs. Since neither a level playing field nor free market access has been achieved at this stage, government policy to develop combined transport in Europe, including short sea shipping, needs to be strengthened.

As market regulators, governments have to ensure that markets are fair. The problem of fair competition can be approached in a number of ways, depending on whether the focus is competition between modes or competition within modes. In both cases, another issue that arises is the harmonisation of the terms of competition in the transport sector and its regulation.

3. Infrastructure investment

As regards infrastructure investment planning, the challenge now is to integrate ports more closely into the TEN-T, taking into account their transshipment function (nodes). The European Commission's Communication of 29 June 1999, *The Development of Short Sea Shipping in Europe, Second Two Yearly Progress Report* [COM(99)317], deals with the practical and operational functioning of the infrastructures and superstructures in ports. This Communication therefore makes for a better understanding of the role of governments in infrastructure planning and the respective role of public and private sector operators in financing infrastructure for both seaports and the inland terminals linked to them. To this end, the conditions for private investment in port areas -- in handling operations, for example -- could usefully be reviewed, without ruling out the possibility of extending the scope of private activity.

4. Optimising logistics chains: developing interoperability between modes and networks

With reference to the development of interconnected and interoperable transport networks and the part that they can play in optimising logistics chains and, more generally, with reference to facilitating intra-European freight flows, central government should ensure that the efficient utilisation of the networks is not hampered by inappropriate regulatory, administrative or technical standards. For instance, the problems posed by customs transit and other administrative formalities (e.g. public health formalities) and the incompatibility of loading units are often mentioned as major obstacles to the development of maritime transport and its integration into transport networks.

From this standpoint, the development of inland waterway transport in general and inland waterway/maritime transport in particular as an integral part of inland port development policy, will necessitate:

- the use of sea-going vessels with suitable characteristics, draught and overhead clearances for this type of navigation;
- technical modifications and open access to inland waterways.

Moreover, in order to ensure the interoperability of the different modes of transport, close attention should be paid to the compatibility of loading units, the priority considerations being

compatible internal and pallet dimensions, overall dimensions compatible with all modes, and reliability and safety, particularly where maritime transport is concerned. It should be noted that the dimensions of ISO1 containers are not compatible with Europallet sizes, thus making automated loading operations impossible.

As ports are vital interconnection points the key elements needed to encourage greater use of short sea shipping in Europe can be defined as follows:

- improved port services, to reduce ships' costs and transit times in ports;
- better integration of ports into modal infrastructure networks and connection to intermodal terminals, and;
- streamlined administrative formalities for ships and cargoes passing through ports.

Furthermore, integrating short sea shipping services into an efficient information system (EDI) compatible with the methods used by government administrations (customs, for example) and by other transport operators, would seem to be essential for the efficient operation of an integrated logistics chain.

Despite the improvements foreshadowed, the development of logistics chains which include a short sea shipping leg is encountering major problems: first, except in certain specific regions of Europe, i.e. the Baltic Sea, logistics trends over the last 10 years seem to be running counter to this type of chain; second, for short sea shipping to be more cost-effective than inland modes, freight origin and destination points have to be relatively close to ports.

5. Improving legal rules for inland waterway/maritime transport and adapting administrative structures

Another disadvantage of maritime transport that is often mentioned is its lack of flexibility, compared with road transport mainly because it does not penetrate very far inland in Europe. In this connection, the first priorities should be to ensure permanent free access to inland waterways and to abolish the unfair conditions that seaports still apply to vessels operating inland waterway/maritime transport services.

Given the extensive inland waterway networks in Central and Eastern Europe, short sea shipping and inland waterway transport throughout Europe could become a much more attractive option if they could be integrated and use inland waterways without hindrance.

While it is generally agreed that the role of governments is primarily to facilitate the integration of the transport modes, often they are handicapped by the fact that their functions are organised on a modal basis. Efforts to reorganise administrative structures should focus on improving the documents required in ports and on port procedures, including customs and phytosanitary procedures. One of the achievements of the Maritime Industries Forum was to have encouraged the appointment within national administrations of a "contact point" for short sea shipping. Given the pan-European dimension of short sea shipping, other European countries could also usefully designate "contact points".

6. Support for the modernisation of the sector

Although some short sea shipping traffic is state of the art, modernising the sector in order to integrate it into the European transport and logistics system will entail major investment -- and major financial risks -- particularly to modernise fleets and improve port productivity. Given the scale and number of research and development initiatives directly or indirectly related to the short sea shipping sector, the transparency and co-ordination of innovation support measures should be considered essential for the furtherance of the objectives cited in paragraph 1.

Under certain conditions, policy-makers may consider it appropriate to contribute to the investment costs of combined transport development projects which include an SSS component, in which case they would wish to ensure that projects do actually promote a switch from road to sea transport. They would also have to ascertain that a number of other conditions are met, such as:

- *Additionality*: any government contribution should be to finance additional development and should not simply be a substitute for private sector investment that would have been forthcoming in any case.
- *Competitiveness*: the project would have to do more than simply absorb traffic from other short sea shipping movements or other environmentally friendly transport modes.
- *Viability*: the project would have to be financially viable itself in the long term, without further government support.
- *Minimum intervention*: government funding should be limited to the minimum necessary for the project to continue. This ensures that public funds are used efficiently and that financial resources will be available for other projects.

Moreover, transport seems to be one area that shows how our societies are developing towards economies based on the flow of information and on new skills. The development of logistics services calls for such new skills. In order to establish a favourable climate for maritime transport and integrate it more closely into logistics chains, support should be provided for initiatives to train personnel who need to develop their logistics skills and to familiarise them with current best practice. At present, training initiatives are essentially the province of maritime sector co-ordination bodies. They could be particularly useful for the countries of Central and Eastern Europe and the New Independent States, inasmuch as improving skills is a key factor in achieving the balanced development of transport and logistics systems and practices on a Europe-wide scale.

7. Co-ordinating transport policy

Given the geographical coverage of its Member countries, the ECMT could play an important role in developing a coherent, co-ordinated transport policy throughout Europe that still leaves some scope for competitiveness. A dual policy of co-operation and co-ordination now seems more crucial than ever as the role of government has changed with the changing structure of the market where traditional transport services are increasingly being integrated into complex logistics management services. As the market evolves towards a transport and logistics system, governments will have to adopt or intensify a multimodal approach in framing their transport policies.

Preferably, at least for maritime transport and ports, co-operation and co-ordination efforts should focus on all aspects of transport policy including infrastructure finance, the definition of rules for ensuring a *level playing field* in the transport market, and further efforts towards harmonisation in conjunction with market liberalisation.

At national level, Member countries should also ensure that the policies implemented by other bodies or other sectors (regional or environmental policy, for example) will contribute to the transport policy objectives and vice-versa.

In implementing these policies it is important that support (financial, fiscal or other) granted by governments be co-ordinated in order to further the general policy objectives referred to above and to avoid distortions or discrimination that would be counterproductive, particularly for the development of short sea shipping.

Lastly, the need for a better understanding of markets and, for governments, the need to anticipate how those markets will develop in the future, makes the availability of reliable, consistent statistics and as detailed as possible an inventory of bottlenecks doubly necessary.

The Council of Ministers, meeting in Prague on 30 and 31 May 2000,

NOTES the report on the development of short sea shipping [CEMT/CM(2000)9] and the summary preceding this Resolution;

RECALLS previous Resolutions on the development of combined transport, in particular the Resolution adopted in Annecy in 1994 [CEMT/CM(94)13/final] and the Declaration adopted in Budapest in 1996 [CEMT/CM(96)16];

SUPPORTS ECMT efforts, in close co-ordination with the European Union and the other policy bodies concerned, to:

- continue with studies aimed at paving the way at pan-European level for a coherent policy that will ensure fair competition for all modes, principally through the formulation of a policy designed to internalise the costs of infrastructure usage so that each mode will cover all of the costs it generates;
- support, within the frame of international law and commitments, the harmonisation of social, technical and fiscal regulations applicable to each mode of transport at pan-European level;
- take an active part in the extension of EU legislation to the whole of Europe, thereby strengthening its role as a “bridge” between EU member and non-member states;

NOTES also that short sea shipping can play a significant part in achieving the objectives of a sustainable transport policy, by facilitating the implementation of an integrated, efficient and safe pan-European transport and logistics system, in a context of open, non-discriminatory access to competitive markets, in particular through the use of the most appropriate transport modes.

RECOGNISES the importance of short sea shipping not simply as an alternative to road transport, but also as an integral part of a transport system that is based on complementarity between modes, even though its area of development is geographically limited.

CONSIDERS that, as part of overall transport policy, short sea shipping can help to improve the links between ECMT Member countries and, in particular, help to revitalise peripheral regions; and that, to this extent, specific initiatives must be taken to ensure its development;

RECOMMENDS for these purposes that Member countries, on the basis of work conducted by all of the organisations concerned:

- *take measures* to ensure that coherent and reliable statistical data is available, taking into account the joint action developed by the organisations concerned;
- *carry out* as detailed as possible an inventory of bottlenecks that could hinder the development of short sea shipping;
- *step up* the co-ordination of infrastructure investment, harmonising terms of competition and progressive market liberalisation, and the definition of the conditions needed to ensure a level playing field in the transport and logistics markets;
- *ensure* that support measures -- financial, fiscal and others -- are co-ordinated so that they contribute to the efficiency of the transport and logistics network at pan-European level;
- *intensify efforts*, at both national and international levels, to co-ordinate environmental and land-use development policies with transport policy, including policy on ports;
- *review*, on an on-going basis market conditions for combined transport incorporating a maritime leg;

RECOMMENDS, in particular,

in regard to the role of ports as interfaces between transport modes that:

- i) active support be given, in conjunction with the organisations concerned, to technical or legal initiatives that could improve network transfer operations;
- ii) short sea shipping information bureaux, as already set up in some European countries, regions and ports, be encouraged;

promotion of the development of inland waterway/maritime transport in Europe and, with this in view, restates the need to:

- iii) continue to bring networks up to technical standards, particularly from an environmental standpoint, and to ensure their compatibility;
- iv) continue the policy of liberalising access to these networks under non-discriminatory terms;
- v) harmonise and simplify the regulations and administrative procedures for this type of transport;

SUPPORTS, in the interests of continuity of the transport supply, the designation in the non-EU member states concerned of contact points for the promotion of short sea shipping which will be responsible for:

- seeing that government policies, in particular their social, environmental, technical and fiscal aspects, that could have an impact on the development of short sea shipping in their country are compatible with this mode; and
- encouraging the streamlining of administrative procedures for short sea shipping in Europe, if necessary, through their harmonisation;.

INSTRUCTS the Committee of Deputies

- to make the report and Resolution available to all national, international, government and industry organisations concerned with short sea shipping;
- to develop means by which the ECMT could contribute to the co-ordination of initiatives to support the modernisation of the sector, in collaboration with the other organisations concerned -- chiefly the European Union -- in order to help achieve the objectives outlined above;
- in particular, to co-operate with the EU on the work concerning inventory of bottlenecks by addition of a similar inventory for non EU countries;
- to report in due time on actions taken and progress on the recommendations set out in the present Resolution.

SOCIAL ASPECTS OF INTERNATIONAL ROAD FREIGHT HAULAGE: INFORMATION AND POLICY ISSUES FOR MINISTERS

[CEMT/CM(2000)11]

Background

The ECMT Council of Ministers, meeting in Warsaw in May 1999, considered “that it would be appropriate at the level of the ECMT to establish minimal requirements which would actively promote improved working conditions with regard to road transport activities, prevent distortions in competition, improve road safety, safeguard the health of workers in the sector and, in general, improve the quality of transport services”.

For that purpose, it instructed the Committee of Deputies to:

- “examine the possibility of drawing up minimum standards, valid in all ECMT Member countries, with regard to the organisation of working hours in the road transport sector;
- ensure that the said standards are consistent with those already in force with regard to driving and rest times;
- establish the successive stages of wide-scale harmonisation of access to the profession;
- specify and determine the aims of inspections, with a view to introducing regulations and improving their effectiveness;
- design instruments that will make it possible to secure the effective implementation of decisions taken with regard to the road sector and as wide a dissemination possible of the practices required amongst the parties concerned by them;
- link in future, any development of the ECMT multilateral quota for international transport with the efforts undertaken in this area;
- report to the Council, in a year’s time, on the progress made with the above tasks [CEMT/CM(99)13/Final]”.

This note is intended to inform Ministers on the work carried out so far within the Conference.

Summary of discussions

It should be stressed at the outset that this topic “social aspects” was discussed more intensively than any other topic in the field of Road Transport over the last year. Issues concerning the definition of working time, average working week and compensatory hours, work breaks and night work, have all been examined by the Group. The right of mobile workers to be informed on legislative prescriptions and the links that could be made between the minimum prescriptions on working time and the development of the multilateral quota were also taken into consideration.

From the beginning, several European Union countries entered reservations on the wording of the definitions to be used in ECMT in view of the discussions in progress within the European Union. Some even preferred to wait for a European Union definition on working time before beginning any preliminary discussions in ECMT.

A supplementary difficulty arose from the fact that some countries are opposed to the inclusion of self-employed drivers in any definition, one of the reasons being the difficulty of enforcing the regulations for this category. It should nevertheless be stressed that self-employed drivers, both in Western and in Eastern Europe, are a substantial part, sometimes the most important one, of the profession and they can hardly be ignored at a time when distortions of competition might be worsened.

However, many countries were of the opinion that the lack of concrete conclusions in the EU and the current deadlock within the fifteen EU Member states should not prevent ECMT countries to look for areas of agreement among themselves wherever possible.

A number of Delegations of non-EU Member countries considered that a Draft Resolution could be drawn up and should enable all of the ECMT Member countries to reach a consensus. They would have liked to see a real discussion on the social aspects of road transport within the forum of the ECMT and thought that virtually all ECMT Member countries could subscribe to the social provisions contained in the document CEMT/CS/TR(99)19. This would permit the increase in the quota that many new Member countries had been expecting. They thought that it was not appropriate to base discussions in the ECMT on the still hypothetical outcome of discussions in the EU.

Another document was prepared to overcome the reservations expressed by several delegations from European Union Member states and to facilitate discussion on a less controversial basis [CEMT/CS/TR(2000)1]. This document was well received but did not obtain unanimous support because, on the one hand, it did not fully respond to the request made by Ministers in 1999, to draw up minimum standards relating to working time, and on the other hand, it was dealing only with driving time and rest periods, requiring therefore Ministers to link further development of the quota to the implementation of commitments they have already taken in other fora.

Some Delegates were nevertheless of the opinion that, even if the draft did not cover the requirement of Ministers concerning working time harmonisation, it represented progress, as far as it provided the frame for a common policy on controls and penalties, which *at present* does not exist, either through EEC Regulation 3820/85, or through AETR implementation, although work is in progress both within the EU and ECE/UN.

Deputies agreed at the last Committee to inform Ministers about these developments and to seek guidance on the outstanding issues.

Issues for Ministers

Ministers are asked:

- To **note** the results of the discussion on social harmonisation held in ECMT over the past year;

- To **agree** that the provisions contained in the Consolidated Resolution [CEMT/CM(2000)10], can all be considered as steps towards reducing distortions of competition among Member countries;
- To **indicate** whether this constitutes sufficient progress to enable further liberalisation of international road freight haulage, i.e. an increase of the multilateral quota;
- To **provide views or suggestions** on how social harmonisation can be advanced, taking into account the different views expressed so far.

IMPLEMENTATION OF THE HELSINKI DECLARATION INFORMATION NOTE AND DRAFT STATEMENT

[CEMT/CM(2000)15]

Background

The **Helsinki Declaration** adopted by the Third Pan-European Transport Conference, held in Helsinki from 23 to 25 June 1997, lays down the framework for a Pan-European transport policy, the key elements of which are presented under three headings: *objectives* to be achieved (Section II), basic *principles* (Section III) and *means* of action (Section IV).

In addition, Section V contains a policy commitment to “consider the need firstly to monitor implementation of the ‘means’ set out in Section IV and secondly to evaluate periodically the degree of achievement of the ‘objectives’ described in Section II”. This task is entrusted to the European Union, the ECMT and the UN/ECE, as well as to partners in multilateral and regional initiatives, who are given the mandate “to co-operate in the aggregation of relevant data, to review progress towards regional and sectoral goals, and to make proposals for more effective implementation on the basis of experience”.

This note corresponds to this mandate and reviews progress with the implementation of the provisions in the Helsinki declaration. It discusses both the process and the substance in general terms.

International Activities

The EU, UN/ECE and ECMT are all heavily engaged in work related to the follow-up of the Helsinki Declaration. It is not the intention here to go into the details of all these activities, but merely to assert that they are numerous and co-ordinated.

In the particular case of ECMT, much of its work contributes to achieving the aims in the Helsinki Declaration. For example, the material presented and agreed at the Warsaw Ministerial session and published for the Prague session on integration makes a contribution in several areas including simplifying border crossing procedures, achieving legal harmonization and approximation, public private financing and links between Europe and Asia.

The regular updates on activities show that there are major efforts being made to align legislation across the continent with the aim to gradually approximate regulations in the safety, environmental, technical and social spheres, in order to eliminate distortions of competition and to assist in the creation of a unified transport market.

Specific ECMT Activities

The ECMT conducted a survey in 1998 and 1999 on the implementation of the Helsinki Declaration in ECMT Member countries which are not EU Member States and which are not currently involved in the process of pre-accession to the EU.

The eleven ECMT Member countries concerned were asked to provide detailed information on the progress made with implementation of the Declaration and to evaluate the main difficulties encountered or foreseen, whether they are of an institutional, political, legal, economic or practical nature, indicating, where appropriate, any assistance the ECMT might provide to help countries overcome these difficulties.

On the basis of the responses a document [CEMT/CS/INT(99)8] was prepared for the last meeting of the Group on the Integration of New Member States.

These responses show, on the one hand, that many actions are being undertaken to implement the declaration. On the other hand, it is difficult to assess progress precisely since both the Helsinki Declaration and the information provided by countries are often rather general and many issues are not described in detail. Other methods also need to be used to assess progress and eliminate problems. Some are mentioned below.

Remaining Problems

Nevertheless, there are many problems outstanding. These vary by countries or Groups of countries but can be summed up as follows:

- inadequate financial resources to maintain the system properly or to invest in new or upgraded infrastructure;
- major declines in the use of railways, especially for freight, necessitating extensive restructuring and staff lay-offs;
- difficulties in crossing borders and in obtaining permits and visas for international road transport;
- uneven progress in implementing policies to liberalise and deregulate the sector;
- severe problems in some regions like the Balkans beset by wars and the run-down of the transport system;
- problems of road charges that do not reflect costs or principles of non-discrimination;
- environmental problems due to inadequate resources to renew fleets and growing pressure from increasing road transport.
- Poor road safety records in many countries.

While many of these problems are being addressed in the new ECMT programme of work, and also in the work of other organisations, a great deal remains to be done to implement the Helsinki Declaration.

Ways Forward

While significant progress towards implementing the Helsinki Declaration is being made, it remains clear that it varies widely between countries. Actions and initiatives continue to be needed at different levels.

At national level, countries need to assess their own progress and, as has been stated previously, an effective way to do this is through a process of peer review. Countries are invited to express their interest in such a process.

At international level the work programmes of the EU, UN/ECE and ECMT are all contributing to meeting the aims of the declaration. Monitoring of progress in legislative approximation is being carried out intensively by the EU in the accession process and the enlargement negotiations.

As regards the Priority Corridors, the Memoranda of Understanding and other mechanisms help ensure that work is being advanced. Moreover, possibilities to discuss modifications or adjustments to these Corridors also exist.

Regional Conferences or special focussed Conferences on specific themes -- like that to be organised by Russia in St Petersburg in September on Europe Asia links -- can make concrete contributions to dealing with particular issues.

Good consultation mechanisms with social partners and with professional international organisations exist in ECMT and elsewhere and can be used to provide opportunities for the views of all actors to be heard and taken into account.

Given the numerous actions underway and the many existing possibilities for cooperation it would therefore appear that there is not, at present, a need for a further major Pan European Conference.

It may, however, be appropriate at this stage for Ministers to express their support for the work underway and the processes being used and to do so in a formal statement. A draft follows.

DRAFT STATEMENT

Ministers of Transport of ECMT meeting in Prague on 30-31 May 2000:

- **Note** the summary report on the implementation of the Helsinki declaration;
- **Note** the progress the ECMT Member countries are making to achieve the aims of the Declaration and in particular:
 - on gradual liberalisation and improvement of market access;
 - on legislative approximation in many countries but especially in the candidate countries;
 - on the facilitation of border crossings;
 - on the introduction of green lorries and on integrating environmental concerns into transport.
- **Note** the close cooperation between the EU and UN/ECE, ECMT in the monitoring of the Declaration;
- **Agree** that the principal need at present is for the continuation of the process underway;
- **Agree** that focussed regional conferences on specific themes (like the forthcoming St Petersburg Conference on Europe-Asia links) represents a solid way to make progress;
- **Agree** that in certain areas, like the Balkans, a regional approach to deal with particular issues can be helpful;
- **Ask** in particular ECMT to contribute through:
 - ensuring that the key resolutions are being fully implemented;
 - carrying out reviews with countries individually or on particular policy issues with groups of countries;
 - supporting regional or other initiatives to meet the aims of the Declaration;
 - continuing to provide opportunities for all key actors in the sector to communicate their views.

STRATEGIC DIRECTION OF THE TRIENNIAL PROGRAMME OF WORK

[CEMT/CM(2000)16]

1. The detailed Work Programme (CEMT/CM(2000)18) for the next three years describes the transport challenges that Countries face and sets out the institutional framework within which the ECMT works. It lays out priorities for ECMT work, which in the broadest sense, continue to be the topics of integration and the environment.
2. The working structures that the Committee of Deputies believes are needed to carry out the work are defined. ECMT is a small flexible organisation and a variety of structures and sources are used to prepare reports for Ministers, including formal Working Groups, Task Forces for specific projects, multi-sectoral Steering Groups as well as Country experts and Secretariat inputs.
3. ECMT has made strenuous efforts to develop close and complementary relationships with other Inter-Governmental organisations as well as with the many professional bodies in the sector. Especially important are the relationships with the EU, the UN/ECE and the OECD, where ECMT is situated.
4. The transport sector is faced with important longer term challenges, due, inter alia, to the increasing globalisation of economic activities and the search for more integrated multimodal systems. Ensuring ECMT responds effectively and usefully for Ministers will be a continuing challenge.

MINISTERS are asked:

1. To agree that the priorities for the next three-year programme as set out in document CEMT/CM(2000)18 are appropriate.
2. To approve formally the decisions of the Committee of Deputies on the working structures proposed.
3. To say whether the Organisation needs to take any further steps to improve its relations with the other actors in the field.
4. To express their view on how they see the future role and geographic coverage of ECMT in an increasingly globally integrated economy.

TRANSPORT IN THE BALKAN REGION (SUMMARY NOTE)

[CEMT/CM(2000)17]

Introduction

1. A decade of conflict and economic decline has left some countries in the Balkan region in a parlous state. Economic output collapsed during the 1990s and has not regained its former levels in many countries. Trade fell dramatically and the wars have left a legacy of damaged infrastructure and outmoded transport systems.
2. This note draws on material from a variety of sources, including a draft Report [CEMT/CS(2000)4] submitted to the Committee of Deputies, as well as information from the EU, the EIB, the World Bank and the OECD. It is submitted to Ministers for information, for their views and suggestions on any contribution that ECMT can make to improve the situation.

Current Status of Transport Infrastructure

3. A well functioning transport system in the South East of Europe(SEE) is of vital importance not only for the region but also for the entire continent and its international trade and traffic. This is attested to by the fact that no fewer than 6 of the 10 pan-European Transport Corridors pass through the region:

Corridor IV	Berlin/Nürnberg-Prague-Budapest-Constanta/Thessaloniki/Istanbul
Corridor V	Venice-Trieste/Koper-Ljubljana-Budapest-Uzgorod-Lvov
Branch B	Rijeka-Zagreb-Budapest
Branch C	Ploce-Sarajevo-Osijek-Budapest
Corridor VII	Danube river and ports
Corridor VIII	Durres-Tirana-Skopje-Sofia-Varna
Corridor IX	Helsinki-St.Petersburg-Moscow/Pskov-Kiev-Ljubasevka-Chisinau-Bucharest-Dimitrovgrad-Alexandroupoli
Corridor X	Salzburg-Ljubljana-Zagreb-Beograd-Nis-Skopje-Veles-Thessaloniki
Branch A	Budapest-Novi Sad-Beograd
Branch B	Nis-Sofia on Corridor IV to Istanbul
Branch C	Veles-Bitola-Florina-Via Egnatia

Following is a brief summary of the transport network in the region:

Roads

4. The Balkan region has an extensive road network. There are over 140 000 km of primary and secondary roads in the seven countries Albania, Bosnia-Herzegovina, Croatia, FR Yugoslavia, FYR Macedonia, Romania and Bulgaria. There are some 1 400 km of motorway. However the state of the network is very uneven, since most of the investment took place in the 1970s and 1980s, and there is a serious backlog in maintenance.

Rail

5. There are some 25 000 km of rail in the SEE Region of which 17% is double track and 40% electrified. Densities are low for countries like Albania, Bosnia-Herzegovina and the FYR Macedonia, but are close to the EU average for other systems. Reforms are underway in a number of the countries to modernise the systems and reduce excess staffing.

6. Investment, however has been neglected and the infrastructure is deteriorating, the rolling stock is outmoded and there have been few innovations in signalling and telecommunication technologies.

Waterways and Ports

7. Inland shipping is dominated by the Danube which, with a length of nearly 3,000 km, is one of Europe's main transport arteries. The completion of the Rhine-Main-Danube Canal in the early 1990s provided a link from the Black Sea to the North Sea. However, traffic over the last decade has fallen sharply as a result of the economic decline and the successive conflicts. The Danube has been closed to shipping since April 1999, following the destruction of key bridges during the Kosovo conflict.

8. Ports access for the SEE countries on the Adriatic are Rijeka, Zadar, Split and Ploce in Croatia, Bar in FR Yugoslavia (Montenegro) and Durres in Albania. On the Black Sea Burges and Varna in Bulgaria and Constanta in Romania are the major outlets. Thessalonika in Greece is a natural outlet for FYR Macedonia and Kosovo. Modernisation and investment is needed at all of the ports.

Airports

9. There is an extensive airport network with each country having its own international airport. Infrastructure modernisation in airports is also essential and state involvement is needed since some of the airports have traffic levels that are too low to support these investments.

Transport Sector Problems

10. The successive conflicts in the region have resulted in severe damage to infrastructure and major disruptions to the functioning of the transport system. There are many different estimates of the direct and indirect costs of these conflicts for countries in the region and for the transport companies and others affected. It is not particularly useful to go into these except to say that the costs have been very

substantial, that they affect the whole region and that overcoming the accumulated deficiencies and problems will require major efforts over a lengthy period.

11. The infrastructure problems on the main corridors are severe with some links being closed completely and others very difficult to use. Restoring and rehabilitating these links requires sustained long-term investment.

12. Because of the wars and budgetary problems, maintenance of the existing capital stock has been severely neglected in many countries in the region. According to the EIB, the maintenance requirements for roads alone would absorb 4% of total government budgets, while actual expenditures are less than 1%. A similar situation applies for railways, where the deterioration of capital assets is leading to a situation whereby complete replacement is becoming the only option.

13. The other transport problems in the region are, in a sense, like those in other parts of Europe in transition except that they have been exacerbated by a decade of conflict and economic decline. As in other regions, transport sector reform has to be set in the context of general reform of public institutions, governance, competition policy, public procurement laws etc, all of which have probably fallen behind because of the unstable political situation.

14. As in other areas of Europe, the creation of new independent countries has led to additional border problems for transport and resolving these efficiently is one of the main practical challenges for the region.

15. Deregulation and privatisation of the road haulage industry poses similar problems to those in other transition countries. In addition to issues of management of the sector at national level, on the international side the problems of permits and visas for drivers are also present.

16. Railway reform is a preoccupation, as it is in most other ECMT countries. The difficulties are added to by the neglect of expenditure over a long period, by the changes in trade flows, by the restructuring of the economic activities and by the catastrophic shortage of funds.

17. The key issue is the lack of resources to deal with the problems. As seen above the domestic resources are not even enough to cover maintenance expenditures. The international community therefore has a crucial role to play in providing access to finance, in aid, in technical expertise and advice.

A Regional Policy Framework

18. Economic recovery in the Balkans will depend on factors outside the control or responsibility of Transport Ministries. The focus here is on the transport sector only as one of the motors for economic development. An efficient transport system is not a guarantee of economic success, but without it, the economic development sought is much less likely.

19. Improving the transport system requires action in many dimensions: infrastructure must be brought to an adequate standard; the regulatory framework must support the development of competition and market forces; the institutions at national and international level must be able to support the objectives; international coordination and cooperation must be strengthened.

20. There are already models and frameworks at international level for the organisation and development of the transport sector. As far as infrastructure is concerned, the Pan-European corridors

provide a fully adequate framework for future development. A satisfactory technical and regulatory framework is provided by the UN/ECE conventions and agreements. The EU acquis is, for most of the countries in the region, a clear target. In many policy areas ECMT resolutions (as well as the multilateral quota) provide a framework for cooperation and development.

21. There are already numerous initiatives and fora where the issues can be discussed. These include the Central European Initiative (CEI), the Black Sea Economic Cooperation Organisation (BSEC), South Eastern Europe Cooperation Initiative (SECI), the project for Trade and Transportation Facilitation in Southeastern Europe (TTFSE) as well as the new context provided by the Stability Pact.

22. Developing a regional transport approach requires close cooperation and coordination between the countries as well as the different organisations and agencies involved. It also requires agreement on the priorities both in the infrastructural and policy areas. A multiplicity of additional initiatives or institutions is not required - but rather a clear structure and processes within which policies and projects can be discussed, coordinated, initiated and monitored.

Role of ECMT

23. The ECMT, as a high-level policy coordination forum among ministries of transport, can help promote dialogue on the region's problems. A function of ECMT could be to allow Ministers directly concerned to pursue dialogue, to coordinate initiatives and to monitor progress while at the same time ensuring compatibility with the policy approach across the entire ECMT. Moreover, involving the region with the ECMT could be seen as a first step towards eventual structured accession to the European Union.

24. The multilateral license quota system of the ECMT, which is an instrument for liberalising trade while safeguarding the environment, encourages carriers in member countries to equip themselves with the latest technologies. In this respect, it is an instrument for progress. It must also be remembered that a special quota of licenses was set aside for countries faced with particularly severe difficulties.

25. Through its many working groups (on international traffic trends, combined transport, infrastructure investments, road safety, fraud and vandalism), the ECMT deals with questions of prime interest to transition economies and the expertise can readily be accessed.

26. The ECMT has undertaken to review its resolutions to determine which ones remain valid. Conclusions could help point the way for new member countries. The ECMT resolutions targeted in this process provide a valuable part of the framework for drawing up a transport policy.

27. The research work of the ECMT must not be overlooked, since it often provides a forward look at transportation systems. Regional Round Tables, as part of normal ongoing activities, can address issues identified in the context of a clearly defined region. ECMT would be pleased to organise such events if there is a demand.

Issues for Ministers

28. Ministers are invited to comment on the situation and say whether there are any particular actions that can usefully be taken in an ECMT context.

**REPORTS APPROVED BY THE COUNCIL OF MINISTERS OF
TRANSPORT IN 2000**

**JOINT ECMT-ACEA-OICA CONFERENCE ON SMART CO₂ REDUCTIONS
CONFERENCE CONCLUSIONS — TURIN 2-3 MARCH 2000**

[CEMT/CM(2000)4/FINAL]

This report is published under the title
"Cleaner Cars -- Fleet Renewal and Scrappage Schemes"
ISBN 92-821-1251-9

1. Much of the accent on reducing CO₂ from road transport has focused on measures to limit emissions from new cars. The conference provided a valuable opportunity to review complementary policy areas. It examined the practical and policy issues and the potential from measures which focus on vehicles in use (often called non product measures) to reduce CO₂ emissions.
2. The attendance of three transport Ministers (Mr Peltram of the Czech Republic and current President of ECMT, Mr Bersani of Italy and Mr Leuenberger of Switzerland) at the opening session, as well as the Chairmen of ACEA (Mr Cantarella) and OICA (Mr di Camillo) and Mr Salvarani, representing European Commissioner Ms de Palacio, underlined the importance of a number of political points. First, the intention of Governments to attain Kyoto targets, second the concern of transport Ministers that the sector would make its full contribution to these reductions and third the commitment to working together to achieve the targets.

Indeed Mr Cantarella, reported that the ACEA-European Union voluntary agreement is already producing creditable results. Between 1995 and 1999 the average CO₂ emissions from ACEA's new cars fell by over 6%, in line with the 2003 indicative range and with overall achievement of the commitment. This is designed to contribute 15% of the overall emissions reductions required to meet the Union's Kyoto target. Mr Cantarella made a strong plea to continue with the voluntary approach in this and related areas.

The introductory session also confirmed that so far in most countries relatively little consideration had been given to non-product measures, which nevertheless have a large potential for reducing CO₂ emissions relatively quickly and cheaply. Given the effectiveness of the non-product measures reviewed, the conference sought to address why more emphasis has not been placed on them in addressing climate change and asked how the focus can be shifted to them in the future.

3. The most important potential lies in improving **driver behaviour**. The opening paper showed that up to 15% reductions have been shown to be possible in practice with a good driving style. The figure includes some allowance for the inevitable drop in performance as a trained driver partially reverts to old habits. A good driving style involves avoiding aggressive accelerations and braking, changing gears early (at about 2000 revs) and getting into top gear as soon as possible. Most drivers do not understand modern engines and wrongly believe that changing gears at low revs is bad for the engine. Modern engines are designed to produce power at low revs. Technology has advanced, drivers

have not. Indeed modern automatic gear boxes change gears at the fuel efficient point (even in ‘sport mode’). Not revving engines when they are started is very important. Switching off the engine whenever stationary for over a minute yields further net fuel savings. Stop-go driving with frequent gear changes is typical of urban driving conditions, so there is a big potential for CO₂ emissions reductions in urban areas.

It was suggested that driver training should include specific instruction on fuel-efficient driving. This should become part of all learner driver programmes, with some relevant questions included in the driving test. One of the difficulties is maintaining in practice the improvements training can bring. Feedback from the vehicle can help, either through information from on board econometers or computers or through automatic speed control devices. The simplest and cheapest device of all is to mark rev counters with a green band between 1500 and 2500 revs.

Cars with automatic gearboxes change gear in an ideally fuel efficient manner. Automatics are, however, accorded higher fuel consumption on the standard EU test cycles than equivalent manual models. It could be that in actual driving conditions, modern automatics emit less CO₂ than manual models. If research confirms this, proper account should be taken of the anomaly in vehicle efficiency labelling schemes and possibly in other incentive schemes.

4. The contribution on **driver attitudes** from the Automobile Clubs association (AIT/FIA) showed that environmental concern amongst the general public was often rather general and not concretely linked to driving behaviour. While there was discussion about the real likelihood of achieving the full potential savings from better driving it was evident that all stakeholders can contribute. The car industry can explain to drivers in handbooks and other material how to drive more fuel efficiently (some already do). Dealers, traders and associations of car drivers can do likewise. Governments too can run publicity campaigns with the organisational support of the other stakeholders. The success of drinking and driving campaigns in fundamentally changing attitudes in most countries demonstrates what is possible with such campaigns and also demonstrates the perseverance necessary and the need to vary the message over time to avoid boring or alienating the public. Though to make a lasting impact on driving style a half day training session on the road or on a simulator is most effective. The presentation also expressed interest in the CO₂ reduction potential offered by intelligent speed adaptation systems being developed to improve safety. The one area ranked highest in surveys of driver concerns is bad behaviour from other drivers — inappropriate speed, aggressive and dangerous driving. Improvement in such behaviour is likely to have spin-offs for cutting emissions and there appears to be a potential for tapping into this concern for influencing driving style. Overall improved driver behaviour is an area with a very substantial uncaptured potential.

5. In terms of **concrete achievements**, success stories in the UK were reviewed of efforts to convince motorists of the possibilities of greener more fuel-efficient motoring. The accent was on achieving gradual change, on evolution rather than revolution. Certainly there are lessons there for other countries on how the industry can proactively contribute to reducing CO₂ emissions, particularly through communications strategies and awareness building.

6. The paper on **vehicle maintenance** underlined its importance. Significant CO₂ emissions reductions can be obtained from regular maintenance. Reductions in noxious pollutants and better safety performance are also obtained. For all but the newest cars — for which owners have an incentive for maintaining the value of the vehicle — international experience shows that adequate maintenance can only be ensured by regular compulsory inspections and control. Older vehicles tend to be driven by lower income, particularly younger drivers, who are unlikely to pay for regular, quality maintenance on a voluntary basis. The expert view is that compulsory inspections should begin after four years, followed by a two-year gap and then annual inspections. This suggests a modification to

the relevant EU Directive (96/96/EC). There is a strong need to ensure inspections take place through enforcement measures since many owners will try to avoid them. These could include a link to the annual tax certificate (as in the UK) or a system of windscreen stickers (as in the Czech Republic) so that traffic police can see a vehicle is up to date on maintenance requirements even when it is parked.

7. The session on **vehicle park renewal** schemes showed also some potential to reduce fuel consumption. Quantification is difficult in respect of CO₂. The trade-off between CO₂ emissions from cars and in the manufacturing of vehicles needs to be considered. Emission reduction benefits are clearer for traditional pollutants. The age of the vehicle, the intensity of its actual use and the type of replacement vehicle all play a role in determining the overall benefits from scrappage and replacement incentive schemes. The paper on good design of such schemes emphasised how essential it is to target the relatively small number of gross emitters in the fleet and even to focus on urban areas. For purely CO₂ emissions reductions, incentives for scrappage without replacement present clearer gains than incentives to buy a replacement car. The most difficult area of all to assess is the impact of incentives on the relative values of second hand and new cars which can seriously perturb markets when a large number of vehicles are targeted.

Incentives for scrappage and replacement can also be considered for **buses**. Major improvements in vehicle fuel efficiency over the last two decades coupled with the advanced average age of bus fleets in many European cities suggest a potential for cost-effective incentive schemes. The potential varies with location: the average age of busses and coaches in the EU is estimated at 7 years, whilst in Italy it is 11-12 years. Such old fleets are associated with high maintenance costs with frequent non-availability of vehicles. Bus companies thus have an existing financial incentive to replace vehicles but may lack the capital to make the necessary investments. Small capital grants can thus have large leverage.

8. The paper on structural **fiscal incentives** in Germany showed clearly that these incentives work. The examples of unleaded fuel and the rapid catalysation of the fleet as areas where the incentives had allowed a rapid introduction of new technology ahead of regulatory requirements. The case was put for introducing similar incentives, linked to a future regulatory standard, for accelerating the distribution of sufficiently low sulphur fuels to allow lean burn engines to contribute to reducing CO₂ emissions (these require advanced de-NO_x exhaust treatment that is ineffective in the presence of sulphuric acid). Incentives for the purchase of cars with conventional fuel efficient engines have been introduced in Germany although it is too early to quantify their effectiveness.

Such incentives give clear signals to the wallets of consumers but can be made revenue neutral and therefore need not increase the overall taxation burden on the motorist. While there was general acceptance of this approach — differentiating vehicle taxes on the basis of fuel consumption performance — there was criticism of the idea of further raising fuel taxes as a way of providing incentives to reduce CO₂ emissions. This was partly because it was argued that they do not seem to be effective in reducing fuel consumption because most motorists do not have much choice as to whether or how much they use their cars and partly because of political opposition. The political costs of relying on fuel taxes to provide incentives for cutting CO₂ emissions was illustrated by the recent decision to halt the fuel price escalator in the UK. Obviously discussion on this topic will continue.

The international automobile clubs speaker suggested that a “huge” discount is appropriate to encourage purchase of vehicles that meet the 2005 Euro 4 standards early and similarly large scrapping incentives are appropriate, designed specifically to promote environmental protection rather than assist the car industry maintain sales as previous European schemes had done.

9. **New information technology** has the potential to reduce or eliminate many of the inefficiencies in the transport system. These benefits could result in smoothing traffic flows, cutting unnecessary driving in looking for parking spaces and providing route guidance to avoid congestion which can all bring benefits in cutting fuel consumption. The anticipated explosion in portable Internet services through mobile phones should make such IT applications much more widespread. While there are a number of concrete examples (traffic master in UK, Visionaute in France) the difficulty still lies in quantifying the potential benefits. There is also the risk of rebound effects, in that the capacity improvements that new technology allows might be taken up in the form of extra demand. Nevertheless it is clear that work must continue in order to capture the potential benefits from these systems.

10. The **Turin 5T project** — a partnership between the city government, city transport authority, transport research institute, telematic system providers and vehicle manufacturers — provides a good example of how information technology can be exploited successfully to produce emissions reductions in practice. The first stage of the project — restricted to the central area of the city — achieved 10-11% CO₂ emissions reductions according to the modelling efforts of the transport institute and resulted in a 21% measured improvement in a set of monitored origin to destination journey times into and across the city centre. The key was in adopting an integrated approach that added to and linked existing systems, without requiring their replacement. Five main systems were linked to real time monitoring and modelling of traffic flow: traffic light control; bus location and radio communications; variable message road signs displaying recommended routes and congested areas to avoid; off street parking automatic monitoring and fee collection; variable message signs at bus stops displaying waiting time until arrival of next bus. The system was developed as part of an overall policy to increase use of the city's busses and trams and reduce car trips and to exclude some classes of vehicles from a zone in the city centre and shift from provision of on-street parking to off-street parking. The greatest part of the gains achieved is believed to have come from the intelligent co-ordination of all the elements of the system with the control software and the traffic model at the heart of the project. The scheme will be extended to the whole city once financing can be secured, and other examples of integrated projects are being developed by some of the partners, notably in Naples (ATENA project) where methane and hybrid vehicles are part of the system.

11. Assessing the **adequacy of infrastructure** is complex, as the presentation on this issue showed. Differentiation must be made between the urban and interurban case, between road and rail and between different groups of users. The volume of mobility is not the sole determinant of CO₂ emissions: distance travelled per trip, load factor and occupancy rates currently add up to be more important than number of trips. Two areas where CO₂ savings could be made were underlined. The first relates to urban sprawl where the continued expansion of urban areas is generating longer trips and therefore higher emissions. Limiting urban expansion could be beneficial. The second concerns urban freight where infrastructure and vehicles seem to be used inefficiently at present. While new or expanded infrastructure is needed in particular cases where there are severe bottlenecks, a substantial effort is needed to use existing infrastructure better. Economic instruments are important here but must be designed to have an impact on behaviour — targeting areas where there is choice — otherwise they simply become income tax equivalents. The speaker from the French national transport research institute, INRETS, emphasised that thorough quantitative analysis at a sufficiently desegregated level to reflect real differences in behaviour between different categories of driver is required to design effective policy measures. It is not sufficient, for example, to restrict analysis to the very general level of price elasticity for passenger car transport as a whole or for freight transport as a whole.

12. As an example of the **potential foreseen for non-product approaches** to reducing CO₂ emissions from vehicles at national level, the Netherlands current plans were reviewed. Details are given in the accompanying table. About half to two thirds of the expected savings should come from

non-product measures, depending on how the calculation is made (see footnote to table). The gains from simple measures were emphasised, like **higher tyre pressure**, which costs nothing and can reduce fuel consumption 5% and brings other benefits in terms of safety and reduced costs to the motorist from tyre wear. **Enforcement of speed limits** too could bring gains and the Dutch Government is committing more resources to enforcement and launching experiments with in-car equipment to help the driver respect limits and drive at lower engine revs. An important distinction was drawn between measures to address CO₂ emissions and measures to reduce congestion. The benefits of measures that are eventually successful in reducing congestion will be felt by a different constituency from those that benefit from reductions in CO₂ emissions. For congestion it is a well defined group of users of a specific road whilst for CO₂ it is the global population. This has important consequences for the types of measures that can be employed and are likely to be accepted. For example, the road tolling schemes about to be introduced in the Netherlands are designed to manage congestion, not CO₂. Any CO₂ emissions reductions will be incidental to the design purpose of road tolling.

Dutch Climate Policy Implementation Plan: Measures in the Traffic Sector

Measure	CO ₂ reductions 1997-2010	
ACEA voluntary agreement	0.4 Mt*	13 %
N ₂ O emissions regulations	0.5 Mt	16 %
Tax incentives for fuel efficient cars with fuel efficiency labelling for new cars	0.6 Mt	19 %
Road pricing side-effect	0.2 Mt	6 %
Tax measures to reduce commuting and company car traffic	0.1—0.3 Mt	3 %
Tax incentives and agreements with car importers for standard equipment on new cars with instruments to monitor fuel-efficient driving	0.5 Mt	16 %
Raising and better controlling tyre pressure	0.3 Mt	10 %
Training, demonstration & publicity projects for better logistics, driver behaviour etc	0.2—0.3 Mt	6 %
Stepped up speed limit enforcement (doubling policing)	0.3 Mt	10 %
Total	2.7—3.4 Mt	100 %

* Figure as published, now being revised upwards. The ACEA agreement equates to an estimated 3 Mt plus of CO₂ emissions reductions in the Netherlands on the basis of a rough breakdown of the 85 Mt reductions the European Commission expects from the agreement across the Union.

Source: Ministry of Housing, Spatial Planning and the Environment, July 1999.

13. **In summary** the conference showed clearly that non-product measures have very significant potential to deliver CO₂ reductions, and deliver them quickly and often cheaply. There remain difficulties in quantifying the potential of some measures, particularly vehicle scrappage and replacement incentives, which means care must be taken in assessing cost effectiveness. Improved driver behaviour, better vehicle maintenance and higher tyre pressures were identified as clear areas where reductions can be achieved very cost effectively.

National authorities are best placed to take the lead in ensuring regular and high standard maintenance of vehicles and in organising public relations campaigns for more responsible driver

behaviour. Vehicle manufacturers can influence tyre pressure by changing handbooks and vehicle labelling to prescribe higher pressures for normal conditions, as well as for high loads and motorway driving. Garages are well placed to back this up through frequent checking of tyre pressure. Vehicle manufacturers and distributors are clearly well placed to equip cars with devices to provide feedback on driving style: low cost econometers at the bottom end of the range; cruise control for typically high mileage cars such as company cars and diesels; and no-cost green bands to highlight the 1 500—2 500 area on rev counters for all new model cars. The value of voluntary agreements between manufacturers and governments has been clearly demonstrated and there may be a role for further agreements, especially in respect of light duty commercial vehicles.

New technology has undoubted potential. Even if global investment priorities and financing sources remain uncertain the 5T project demonstrates the power of integrated intelligent traffic control systems and the way in which they can improve the quality of service and ridership on public transport. Significant CO₂ emissions reductions have been demonstrated even at the pilot stage. Links to infrastructure expansion are complex and the impact of investments in expanded capacity on CO₂ emissions depends on circumstances. To put in place a strategy to reduce emissions requires that the technological, economic and institutional frameworks all pull in the same direction.

The experience presented by the UK Society of Motor Manufacturers and Traders and the plans of the Dutch Government show that attention *is* now turning to “smart” non-product measures, at least in some countries. The Italian examples presented highlighted the importance of integrated urban traffic management to reducing CO₂ emissions, even if its prime motivation is reducing congestion and local air pollution. A long term effort in persuasion through advertising and other communications tools will be required to change driving habits but experience, for example with seat belts and drink-driving campaigns suggests change is possible. Money might be better spent in promoting better driving, and providing training, than on some of the current EU and national public relations exercises in relation to transport and the environment. There is a need to get all stakeholders committed to working towards the objective and the conference demonstrated the commitment of manufacturing industry, the motoring services industry, automobile associations and governments to work together to make smart CO₂ emissions reductions measures fulfil their potential.

QUANTIFYING CO₂ ABATEMENT POLICIES EXECUTIVE SUMMARY

[CEMT/CM(2000)5/FINAL]

The principal objective of this study is to examine the quantification of transport sector measures against attainment of carbon dioxide (CO₂) emission reduction targets. Most countries have identified measures that could, in principle, stem growth in carbon emissions, but questions remain as to how to quantify the impact of these measures and, often equally important, how to assess the probability of success of specific measures. The study, [CEMT/CS (2000)8], seeks answers to these questions primarily by reviewing the attempts made by three countries, France, the Netherlands and the United Kingdom, to develop policies to control transport sector carbon emissions and to quantify their effects. This summary describes the main findings of the study while leaving to the longer paper the detailed description of the national policy approaches of the three countries.

Context

The transport sector is an important contributor to carbon emissions. In the European Union the share of transport CO₂ emissions increased from 19 per cent in 1985 to 26 per cent by 1995. In 1995 cars accounted for about 50 per cent of transport CO₂ emissions, and road freight for about 35 per cent. In Central and Eastern Europe, the transport sector accounts for less of the share of total emissions, roughly 10%, and decreased from 1990 to 1996 because of economic restructuring and declining GDP. Recent trends in a number of these countries, however, indicate that emissions from this sector may now be increasing, with road transport the primary source of emissions in both passenger and freight movement.

In the absence of intervention, carbon emissions from transport look set to rise further for two main reasons:

- Most transport is oil-based, and there are relatively limited opportunities to switch to non-oil-based fuels; and
- Transport, especially car, truck, and air transport, is growing in most, if not all, economies.

Main issues to be considered

There are a number of essential steps in developing and quantifying policy packages. Each must be adequately addressed if meaningful results are to be obtained. They include the necessity to:

1. Measure existing carbon emissions from the transport sector.
2. Determine the way in which these emissions are generated.

3. Forecast carbon emissions from the transport sector in a robust “Business as Usual” (BAU) case, in which present policies are continued in the absence of specific measures to limit carbon emissions.
4. Identify specific policy options to limit carbon emissions below the levels they would reach in the BAU case.
5. Quantify the impact of particular options both individually and when they are combined in specific packages of different options.
6. Assess whether particular policies can be implemented, for practical – including politically feasible – reasons.

Identifying policy options

Once emissions levels are projected in the Business as Usual scenario, policy options can be identified. These can be grouped under a number of broad categories:

- Economic instruments (e.g. increases in fuel taxes, road pricing, feebates).
- Regulations and guidelines (e.g. speed limits, traffic management measures, land-use regulation and guidelines, fuel efficiency standards).
- Voluntary agreements and actions (e.g. the 1995 joint declaration on the reduction of CO₂ emissions from new cars signed by ECMT and the automobile industry (represented by ACEA and OICA), and more recently, the voluntary agreement between the European automobile manufactures (ACEA) and the European Commission.
- Information and training initiatives (e.g. fuel-economy labelling of vehicles, driver training, use of econometers and other on-board instruments).
- Support for research and development.

The full study describes how each of these types of policy options is used in the climate change policy plans of the Netherlands, United Kingdom and France. For the purposes of this summary, the importance of one policy in particular in all three countries – the voluntary agreement of the European Automobile Manufacturers (ACEA) and the European Commission – must be noted. All three countries, and indeed most likely a majority of other European Union countries as well, are relying on the reduction in CO₂ emissions from this measure to help them reach their national CO₂ abatement commitments under the Kyoto Protocol. The complete study identifies the complexities involved in quantifying the emissions reductions from this agreement in individual countries and highlights the importance of coherence in assigning emissions reductions due to improvements in fuel economy between BAU forecasts and emissions reduction scenarios. Countries relying on the agreement to reach their national emissions abatement targets will need to be increasingly aware of these complexities in the development of their national plans.

Developing policy packages

Quantification needs to consider not just the impact of individual actions, but also the impact of combinations, or packages, of measures. These policy packages are likely to be concentrated on the most important sources of carbon emissions from the transport sector, which in practice has meant road transport, but should not neglect other sources of transport carbon emissions.

The mix of policies varies between countries. For example, there appears to be relatively more emphasis on economic instruments in the UK and on regulatory policies in France. These differences may reflect general divergences in the emphasis on different policy instruments in different countries, in this case, a greater reliance on market mechanisms in the UK and a greater emphasis on planning measures in France. The policy package for the Netherlands includes a combination of fiscal measures and other non-vehicle related measures targeting traffic management, and on-board instruments to improve fuel economy. Policies to deal with carbon emissions from transport (and from other sectors) must fit within a range of government policies designed to achieve a variety of different policy objectives. As a consequence, it would seem appropriate that the emphasis on certain types of policy instruments in the transport sector will reflect national differences in the use of policy tools economy-wide.

Quantification of policy packages must avoid the danger of “double-counting” estimated impacts of individual policies that would, if combined, have overlapping effects. There is a danger of overstating the overall effects of these policies when combined in a package. This is proving to be a complicated issue in national estimations. For example, interactions mean that CO₂ emissions savings from the ACEA voluntary agreement with the European Commission can not simply be summed with the estimated impact of taxation measures taken in isolation.

Similarly, the importance of the agreement in national CO₂ abatement strategies would imply that countries may need to examine the tradeoffs between the voluntary agreement and policies such as safety regulations and those related to air quality. Changes in taxation relating to types of fuel may have an impact on the ability of industry to meet the requirements of the agreement, for example.

The study highlights the importance of the ACEA/EC agreement and of effective monitoring of the accord. However, it is also important that countries do not delay implementation of other measures. There are inevitably slippages in the implementation of policies, so a “wait and see” option has drawbacks. Consequently, countries may now want to consider accelerating the implementation of policies targeting other types of transport, and developing a specific package of policies to address carbon emissions from road freight, railways, and aviation.

In addition, “non-product” measures, including those addressing driver behaviour, vehicle maintenance, and traffic management have considerable potential for reducing CO₂ emissions relatively quickly and cheaply, though quantification of the impact of these measures remains difficult in some cases. This is particularly important because it is becoming clear that countries are finding it difficult to develop packages of measures in the transport sector that they feel convinced will deliver required savings in practice.

In terms of the actual construction of policy packages, there appears to be a complex iterative process in designing policy packages in each country. This reflects the need to identify options and to secure a consensus as to whether they should be included in the final package, a process that is not yet completed either in Britain or in France. The Netherlands undertook a multi-phase policy development process that involved policy-makers from different government branches. A set of policy options was first defined from which a more complete list of proposals was then made.

One of the most contentious issues is the political acceptability of economic instruments, especially road pricing, a policy that is often proposed, but not implemented in most countries. As delays occur in the process of implementing such policies, the contribution that such policies can make in meeting overall targets for the end of the decade is reduced. Moreover, if the policy is never actually implemented, a search will eventually need to be made for alternatives.

Finally, there are issues of political will to implement policies. Quantification may show that price increases, such as increases in fuel tax or implementation of road congestion charging, will reduce car travel and fuel use. However, these savings will not be realised if the policies are not actually implemented in full because of fears of the political consequences of their adoption.

Recommendations on quantification

The full study provides detailed descriptions of the quantification exercises undertaken in the Netherlands and the UK and general information on modelling in France. For the purposes of this summary, the principal recommendations on quantification based on the findings of the study are provided below.

First, there should be efforts to maintain as much transparency as possible in the explanation of how the impacts of different policy options have been quantified. A clear description of how the numerical estimates of potential carbon savings have been derived is essential, despite the inevitable uncertainties in the methods used, and the possible desire not to expose these uncertainties to public scrutiny. Public debate about estimates may, in fact, reveal weaknesses in the components of proposed measures, and consequently improve the make-up of policy packages that are ultimately adopted.

A second recommendation is the need to have a clear definition of the Business as Usual (BAU) scenario forecasts that show what would happen in the absence of a package of specific interventions. The data defining which measures belong to BAU and which to new policies are crucial.

As noted earlier, one of the most serious issues in terms of quantification identified in the study involves the possibility of "double-counting", where potential overall savings are over-estimated because of addition of estimated savings from individual policies whose impact is in fact interrelated.

As regards models available, there are a number of different approaches. In the Netherlands, the need to rapidly produce a policy plan was seen as a justified reason for using a variety of existing models to assess different components of the overall plan. Inevitably, modelling cannot "start from scratch" and must draw on existing experience. It is important, however, that if different models are used, they must be mutually consistent in their overall assumptions and elasticity values.

It is also important that the quantification methods adopted represent "best practice". The international scientific community has an important role to play here in agreeing what best practice is. This may be a role that will be played by the present OECD/RTR-led study on the evaluation of measures to reduce greenhouse gases from the road transport sector, which is due to be finished by the end of 2000. However, there may be a need for a specific continuing panel of experts to review quantification methods available in all countries and make further recommendations regarding "best practice" modelling techniques.

The best way forward in terms of modelling is to develop desegregate vehicle stock models, for all modes of transport and types of vehicle, which allow for changes in new vehicle consumption to be fed through into estimates of future vehicle use, fuel consumption and carbon emissions. Data from the Auto-Oil Programme could facilitate building such models in some countries.

In addition, whatever quantification measures are used, it is important that they allow for second round, or "rebound" effects, such as the impact of improved fuel efficiency or switches to lower priced fuels on reducing vehicle operating costs, which in turn increase demand for vehicle use.

In conclusion, while the number of countries examined in the study is no doubt too small to be representative of the quantification experience in all countries, the national modelling exercises undertaken in the three countries highlight some of the strengths and weaknesses involved in a select number of approaches. The experience of the examined countries, which are among the first to undertake comprehensive quantification exercises for their national climate change plans, illustrates the extent to which precise quantification of policy packages remains elusive. Refinement of quantification should continue to improve with further international collaboration to determine best practice in quantifying the impacts of different policies and policy packages. This will be essential to countries faced with the challenge of meeting their commitments to reduce greenhouse gases under the Kyoto Protocol.

VEHICLE EMISSION TRENDS CONCLUSIONS

[CEMT/CM(2000)6/FINAL]

This report is published under the title
"Vehicle Emission Reductions"

ISBN 92-821-1363-9

Report CEMT/CS(2000)6 provides an overview and comparison of vehicle emissions standards in Europe, Japan, the USA and California. Its purpose is to provide an international context for assessing the outlook for vehicle emissions trends and standards. It describes the impact of vehicle emissions on health and the environment and assesses the adequacy of emissions limits adopted for new passenger car engines and for heavy duty diesel engines. The results and conclusions of the analysis are reported briefly here.

Continuing air quality problems from vehicle related pollution have been stimulating innovative pollution control approaches around the world. As these approaches are implemented, steady progress in reducing urban air pollution problems is occurring.

An example is the experience in Southern California's Los Angeles Basin, which has had the most aggressive motor vehicle pollution control program in the world over the past forty years. From 1955 to 1993, peak ozone concentrations were cut in half. The average annual number of days above the Federal carbon monoxide standard fell from 30 to 4.3 between 1977 and 1992 and lead levels are now 98 percent lower than in the early 1970's. Most remarkably, this achievement occurred while the regional economy out-paced the national economy in total job growth, manufacturing job growth, wage levels and average household income. In short, a strong focus on environmental protection can be compatible with strong economic development.

However, the vehicle population and kilometres travelled by vehicles continues to increase, especially in the rapidly industrialising developing countries of the world. To keep pace with this growth while lowering vehicle pollution even more, the US, Europe and Japan are continuing to develop even tighter controls for coming years. Controls initially introduced in these countries are gradually also being adopted by other countries.

With the recently adopted US national Tier 2 standards and California Low Emissions Vehicle 2 standards, it appears unlikely that any further tightening of light duty vehicle emissions standards will be needed in the USA in the future. The one possible area for additional control of these vehicles is with regard to toxic emissions. US heavy duty engine emissions controls are not yet completed, however, and the Environmental Protection Agency has indicated its intention to substantially tighten requirements during 2000 with the new requirements to be introduced in 2007 approximately. Gasoline fuel sulphur levels have been reduced to an average of 30 ppm but auto manufacturers have indicated that this will not be sufficient and pressure will continue in future years to lower these levels

even more. Diesel fuel sulphur levels will likely be reduced in the future; EPA has indicated its intention to propose maximum levels of 15 ppm during the coming year.

While Japan has recently tightened standards, it is expected that additional controls at least for heavy duty engines and fuels will be introduced in approximately 2002 for the 2007 Model Year. Gasoline sulphur levels are already low but it is expected that efforts to reduce diesel fuel sulphur levels will gain momentum in the next two years.

In Europe, European Union light and heavy duty vehicle and engine standards have been substantially tightened over the past few years and further tightening is not likely in the near future. There has been a conscious decision to set less stringent standards for diesel fuelled cars than for gasoline fuelled cars in recognition of the superior fuel economy potential of diesel vehicles. Gasoline and diesel fuel sulphur levels have been capped at a maximum of 50 ppm by 2005 in the European Union but Germany has indicated that it will seek a maximum diesel fuel sulphur level of 10 ppm by 2007.

One response to reducing greenhouse gases has been to increase the use of highly efficient diesels in the passenger car and light truck sectors. However, these vehicles emit higher amounts of NO_x and particulate matter than the gasoline fuelled alternatives and have been linked to increased cancer risks¹. Further, some evidence indicates that currently applied technologies which reduce the mass of PM emitted may result in an increase in the number of very small particles. Since smaller particles have the potential to be ingested more deeply into the lung than larger particles, they may actually be more hazardous. To offset both the increased cancer risk and the concern with small, ultrafine particles, particle filters will likely be used in the future. Peugeot introduced such filters on certain new car models in 2000. The EU particulate matter standards for 2005 are expected to be met by the use of particle filters on all diesel passenger cars. If it turns out that manufacturers can and do meet the standards without filters, however, it is possible that standards will be tightened further in the future.

No country has adequately addressed the vehicle contribution to carbon dioxide emissions with the result that the fraction of global CO₂ emissions arising from the transport sector is increasing. Europe has taken the lead with a voluntary commitment to reduce new car fuel consumption by 25% over the next decade and Japan is closely following suit. In the US there has been substantial focus on developing advanced vehicle technologies in the laboratory but in reality new car fuel economy continues to decline.

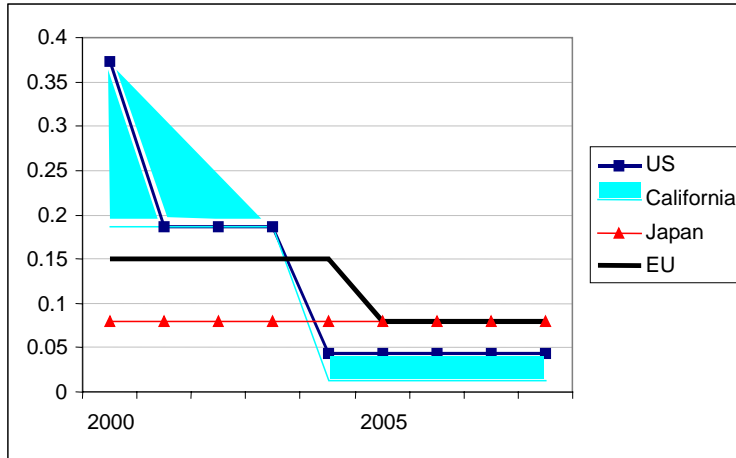
Finally, today's vehicles depend on properly functioning emission controls to keep pollution levels low. Malfunctions in the emission control system can sharply increase emissions. A relatively small number of vehicles with serious malfunctions frequently cause the majority of the vehicle-related pollution problems. Effective inspection and maintenance programs can identify these problem cars and assure their repair. By assuring good maintenance practices and discouraging tampering and misfueling, inspection and maintenance remains the best demonstrated means for protecting a national investment in emission control technology and achieving the air quality gains which are needed. On-board diagnostics have been introduced in the USA to help ensure better maintenance. On-board diagnostic requirements are being progressively introduced from 2000 in Europe as well. Substantially expanded durability requirements and continued improvements in onboard diagnostic technology are being pushed in the US to shift more of the in use emissions burden to vehicle and engine manufacturers.

1. The German UBA has carried out a study which concludes that currently produced new diesel cars have more than 10 times higher cancer risk than new gasoline fuelled cars.

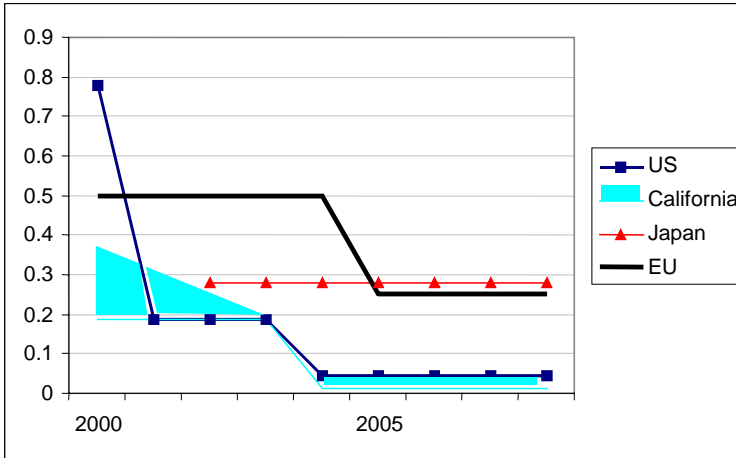
Because each region uses different test procedures, it is difficult to make precise comparisons regarding the relative stringency of EU, US, Californian and Japanese emissions regulations. Ignoring the test procedure question, the accompanying figures summarise the passenger car and heavy truck requirements for nitrogen oxides and particulate matter, the pollutants most critical to air quality and choices for engine and exhaust treatment technology over the coming decade.

Comparison of Passenger Car Emissions Standards in the EU, USA and Japan

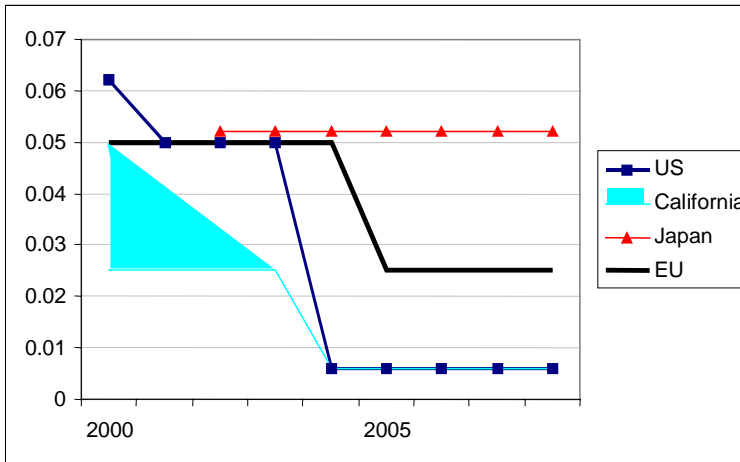
Nitrogen Oxide Limits g/km for petrol engines



Nitrogen Oxide Limits g/km for diesel engines

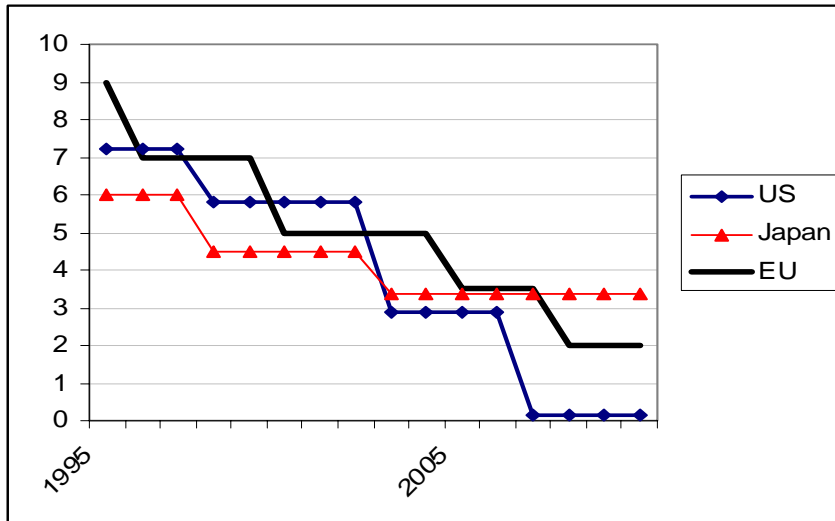


Particulate Matter Limits g/km for diesel engines

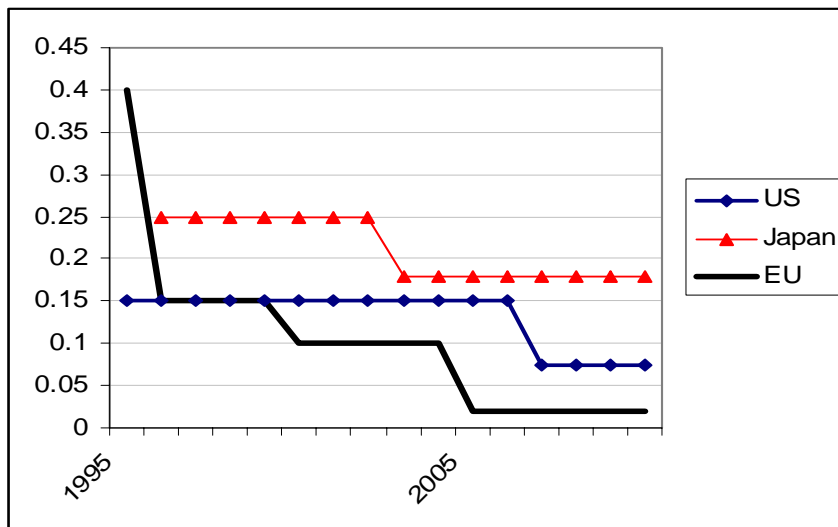


Comparison of Heavy Duty Diesel Emissions Standards in the EU, USA and Japan

Nitrogen Oxide Limits g/kWh



Particulate Matter Limits g/kWh



Note: Californian passenger car regulations set two emissions limit levels. All vehicles must meet the upper limit, with a series of quotas that increase over time for the proportion of vehicles that must meet the lower limit.

ASSESSING THE BENEFITS OF TRANSPORT

EXECUTIVE SUMMARY

[CEMT/CM(2000)7/FINAL]

This report is published under the title
"Assessing the Benefits of Transport"
ISBN 92-821-1362-0

1. Much attention has been given in recent years to the external costs of transport, such as congestion and pollution. It is known that when transport prices do not reflect such costs, potential economic and welfare benefits may be foregone. In principle, the same argument should apply to any external transport benefits, if they also are not reflected in the costs. This raises the issue of the wider effects on economic activity, arising from a transport investment, which are often important considerations in policy and investment decisions. Theory, and historical experience, suggests that these wider economic impacts can arise if transport costs are changed (for example by shortening journey times): they include effects on employment, prices, and economic growth at the local, regional, national or international level.
2. Not all countries use, or rely on, cost-benefit analysis (CBA), but when well-specified cost-benefit analyses are carried out, they have the great advantage that changes in transport production costs are usually identified and measured, including both the money cost of movement and the time costs. The question is whether the inclusion of these costs fully represents their direct and indirect value to the economy.
3. In some circumstances, where the overall economy is relatively undistorted and the general price level reasonably closely reflects the costs of production, the costs and benefits measured in CBA are a reasonable measure of the overall economic effect. But in other circumstances, the value of these wider effects is greater than the effects measured in CBA, and in that case some extra allowance should be given. However, the wider economic effects are not all benefits – in some circumstances they can have negative impacts on the economy, not positive. Therefore there can be no justification for any simple rule-of-thumb to add a uniform ‘economic factor’ to CBA results.
4. Transport investments are sometimes intended to produce specific economic benefits in particular locations, such as regeneration of a depressed area or growth in a peripheral region. These intentions are not always realised, as the benefits may actually accrue to a different, competing region.
5. Thus transport infrastructure or policy may act as an instrument for economic development, but it is first necessary to identify the specific mechanisms by which a transport change could have an impact on the competition between firms and areas under consideration. This is likely to depend on careful analysis of the current prices charged for transport services, and prices charged for goods by companies using those transport services, in relation to the costs. Without this analysis, well-intended initiatives may have unintended effects, even the opposite of what is desired.

6. Depending on the circumstances, there can be a net extra benefit from the wider economic effects, which therefore will strengthen the case for an infrastructure investment (road, rail or other, according to local conditions), provided it actually delivers its promised improvements in costs, speeds etc. In other conditions, however, wider economic benefits may be more effectively achieved by transport initiatives other than infrastructure investment (for example traffic management, infrastructure pricing, etc.). In general, where there are distortions in pricing, it is better to correct the prices than to develop investment projects based on the existing prices.

7. There are various suggestions for methods of carrying out project and policy assessment of the wider economic effects of transport, some of the proposals involving very elaborate computer models and very extensive data collection. None are yet proven. However, more practical outline assessments can be made now by identifying:

- The specific economic weaknesses which a transport initiative is intended to solve (for example external costs imposed by traffic, monopoly prices in local industry, competition for scarce labour, etc).
- The mechanisms by which changes in transport costs are expected to address these weaknesses.
- The relative competitive strength of the different areas or regions concerned.

It will then be possible broadly to distinguish between those cases where changes in transport costs have the intended, or unintended, effects.

8. This approach leads to the conclusion that a well-carried out Cost Benefit Analysis is crucial to the assessment of the economic costs and benefits of projects and policies, whether in conditions of perfect competition or not.

9. It should be noted that the failure to realise potential benefits does not arise only – or even mainly – because of imperfections in the measurement of some benefits. It also arises from the gap between best practice project assessment, and the reality of the process of decision-making in which such assessments may be omitted, or may be of poor quality, or may be ignored. Therefore there is a broader question of understanding the sources and nature of this gap, and developing procedures which could help to align investment decisions more closely with the results of project assessment.

10. Even transport projects and initiatives that have passed a thorough CBA test are not always implemented. In some cases, this is because they are believed to ‘crowd out’ private investments which are thought to be more worthwhile. The problem is that financial assessment tests differ between private and public sectors, making direct comparison of value for money difficult. The appropriate test is to see whether the calculated return on the public investment exceeds its cost by more than an allowance for the opportunity cost of public funds. This opportunity cost might be measured by the long term bond rate, including a weighting if higher public expenditure would affect this rate. A project that passes this test – and satisfies environmental, legal and other related conditions – would then be justified. Such a decision rule has been employed in practice, for example in France where an opportunity cost rate of 8% was used for most of the 1990s.

11. Employing such an objective rule in investment decisions has important implications for the development of efficient pricing in transport. It demonstrates that the revenues from marginal social cost pricing arise as part of a consistent set of economic instruments, not as a result of under-investment.

STRATEGIC ENVIRONMENTAL ASSESSMENT FOR TRANSPORT

EXECUTIVE SUMMARY

[CEMT/CM(2000)8/FINAL]

This report is published under the title
"Strategic Environmental Assessment"
ISBN 92-821-1259-4

1. Role of Strategic Environmental Assessment

Strategic environmental assessment (SEA) is an essential tool for effective decision-making in transport policy¹ development and investment planning. It enables assessment of impacts that go beyond the boundaries of individual projects or unitary planning authorities, and such impacts characterise investments in expanding trunk transport capacity. SEA also functions as an early warning system, identifying potential problems and beginning consultation to resolve conflicts of interest early in the planning process. This reduces the risks of protests late in the day and the high costs associated with the delays that result. In short, effective SEA saves both time and money.

The last decade has seen SEA developed for transport planning in many countries. It builds on the principles and experience of project environmental impact assessment (EIA), which indicate that some level of strategic assessment is necessary to deal with the fundamental choices of transport policy and its links with other aspects of society. Policy choices can not be adequately assessed at the project level. There are also some important environmental impacts that cannot be addressed in a meaningful way by project EIA (for example greenhouse gas emissions). The interaction and cumulative impacts of transport and land use decisions are especially difficult to access through EIA (e.g. impacts on landscape, bio-diversity and road safety).

SEA is most effective when fully integrated into the strategic planning process. For this SEA needs to be tied to each stage of the planning process which leads to a decision. The outcome of the SEA has to be given adequate weight in making investment or regional planning decisions and this has to be done in a way that is transparent. The linkage to a decision will be facilitated by limiting the assessment to what is essential for a decision to be made. Conversely, if there is no planning decision to be made SEA is generally not required.

Nevertheless, SEAs can also provide valuable results when not directly linked to a decision. It is a valuable tool for promoting international and regional co-operation in strategic thinking. Joint SEA is an effective way to resolve national differences in environmental assessment methodologies and in overcoming a narrow national focus that is incapable of balancing environmental costs in one country with costs and benefits in another country. Such differences have on past occasions proved a major barrier to rational joint planning in Europe and between jurisdictions in many OECD countries. Secondly, a pilot SEA exercise might prove a valuable testing ground for developing methodologies

and expertise in a country where there is no experience of SEA or similar assessment processes in government.

Transport SEA requires effective methods of handling multi-modal issues² and addressing potential infrastructure and non-infrastructure measures synthetically. Moreover it requires effective linkages between the transport sector and other sectors to be built into the assessment. As experience in the implementation of SEA accumulates, an increasing divergence from the original pattern of transferring EIA methodology and procedures to the strategic level can be noted in some countries. The most significant aspect is that at the strategic level, environmental goals cannot be considered in isolation and thus SEA tends to develop towards a general strategic assessment, balancing the goals and objectives of mobility, safety, environmental protection and economic development. Opinions are divided on where the boundaries of SEA should be drawn. Most Ministries tend to view the results of SEA as only one of the inputs to making a planning or investment decision. In some countries, separate procedures for assessments of sustainability are being developed and applied to policies as well as to projects, programmes and plans (e.g. review of the transport allocations in the 1997 and 1998 Danish budget proposals).

A strong spatial element is the key to what strictly constitutes an SEA. Regional development land-use master-plans are the ideal basis for SEA as they are developed within an existing decision-making structure. However, even where the scope of SEA is limited to its strict sense, some form of environmental assessment is important for policies (and for programmes without a strong spatial element) in order to ensure compatibility with adopted sustainable development policies. Whatever its scope, SEA demands a commitment to, and definition of, goals that define sustainable development nationally. It is essential to maintain a strong link between any strategic assessment and national goals for sustainability. SEA can influence strategic decision-making only if the decision-makers show a clear commitment to sustainable development in society as a whole.

Co-operation with the public is crucial. Ensuring public involvement in SEA implies effective consultation in the whole strategic planning and policy-making process. If consultation fails, SEA may fail to facilitate the planning process, even when the studies and evaluations made produce high quality information. Achieving effective public involvement is a major hurdle for all countries in making transport investment decisions. SEA can contribute to the continuing need for innovation in this field. Geographic scale is important and radically different approaches to consultation are required for SEA when compared to local project level procedures.

Perhaps most important of all, the results of SEA have to be presented to decision makers in a form that lends itself to influencing their decisions. This implies the information presented has to be simple, precise and to the point.

The use of data also has to be selective to avoid dependence on “computer miracles”. Over-reliance on large data sets can be counter-productive as it is difficult or impossible to control the quality and reliability of inputs into very large data sets and very expensive to update them. Highly aggregated data such as that input into international mapping exercises can be useful in generating some broad indicators of sustainability but are of little use in site related decisions. Multi-layered mapping exercises are very useful in informing alignment decisions but tend to generate output that is too complex for proper consideration in many decision-making environments. Data-driven assessments can mislead particularly when considering uncertain long-term outcomes as they mask the uncertainty. In some cases it will be more productive to follow a primarily qualitative approach based on structured consultation and expert judgements.

2. Progress

On the local and regional level, transport SEA is increasingly integrated with and performed as a part of the land use planning process. The other main focus of transport SEA so far has been on transport corridor assessment. Network assessments at international and national levels are at an earlier stage of development. Within the next few years SEA of policies and legislation with significant implications for the environment and natural resources will become a mandatory procedure in many ECMT and OECD countries. Important progress has taken place on a number of fronts:

- There is increasing experience in the development and testing of SEA procedures and methods, both in the context of sectoral and broad spatial development plans.
- Several countries² have already adopted SEA-related legislation.
- There are significant legislative and institutional developments in the European Union.
 - Integration of environmental concerns into sectoral (e.g. transport) policies has become a key priority, as stated in the Amsterdam Treaty, and SEA has been identified as one of the main instruments to achieve this.
 - Final approval of the proposed Directive on SEA³ is under discussion.
 - There are requirements for SEA of EU policies and legislation.⁴
 - Projects and programmes benefiting from the Structural Funds also require a form of SEA.⁵ These requirements are expected to be enforced more stringently in the period 2000-2006.
 - The transport and environment reporting mechanism (TERM) and the assessment of Member States progress towards integration (the *Global Assessment*) co-ordinated by the European Commission in collaboration with the EEA, will highlight the importance of SEA with particular reference to the transport sector.
- Practical experience of SEA includes the following notable examples:
 - M4 motorway Cardiff-Newport Common Appraisal Framework, Welsh Office, United Kingdom.

2. Including national legislation for Finland, the Netherlands, and Denmark, and regional legislation such as that of Tuscany - Italy, and Castilla y León - Spain.

3. The Commission adopted in 1996 a Proposal for a Directive on Environmental Assessment of Plans and Programmes [COM (96) 511 final]. In October 1998, the European Parliament finalised the First Reading of the SEA Proposal. The Commission has amended the proposal in February 1999 and the negotiations at the Council level are expected to come to a conclusion in 2000.

4. See for example: Article 6 of the Amsterdam Treaty; the July 1998 Communication by the Commission to the European Council outlining its strategy for integrating the environment into EU policies; the Commission's 1993 provisions for the environmental evaluation of plans, programmes and legislative proposals (93/785/EC).

5. Council Regulation 99/1260/EC of 21 June 1999 laying down general provisions on the Structural Funds.

- SEA of the east-west motorway in Slovenia for the Ministry of Environment.
- Environmental assessment of the 1999 Czech National Transport Infrastructure Plan.
- Agreements between European Union Member States and the Commission have resulted in five pilot SEA case studies related to the Trans-European Network transport corridors:
 - Gothenburg-Jönköping Transport Corridor (Sweden).
 - Trans-Pennine Corridor (United Kingdom).
 - Austrian section of the Danube Corridor (Austria).
 - Road Corridor between port of Ravenna and Venice (Italy).
 - Corridor Nord - between Paris and Brussels (France/Belgium).
- The Commission, in co-operation with the European Environment Agency, has undertaken a pilot SEA of the multi-modal Trans European Network for transport.
- SEA of the high speed rail network, undertaken in 1992 by the European Commission.
- Environmental assessments of the Seattle long-range transportation plan and the State of Wisconsin transportation plan in the USA.
- SEA for the I-69 International Corridor of Canada-USA-Mexico.
- SEA of the National Development Plan of the Czech Republic, with European Union Phare assistance.
- Several international funding institutions have recognised the need for SEA and are either setting up procedures and guidelines or are investigating the possibilities of doing so. Relevant initiatives can be found in the World Bank and the EBRD amongst others.

3. Priorities for Improvement

Nonetheless, there are still several important areas for improvement to ensure the successful and effective implementation of SEA. Priority should be given to addressing the following issues.

- Clear political support from governments is required to ensure that the proper weight and role is given to SEA findings when making a final decision over a policy, plan or programme. Political support has to be provided through clear inter-ministerial agreements and instructions.
- The role of SEA in relation to the appraisal of overall sustainability has to be made clear. Effective co-ordination between the different types of evaluations – economic, technical, social and environmental – undertaken by Ministries and planning authorities is vital.
- Currently the practice of SEA is in most sectors is limited to plan and programme levels. To make the principles of sustainability fully operational, SEA or an equivalent system of appraisal should be developed also at a policy level. This should be done as part of the process of developing policies, rather than as an ex-post test of acceptability. The European Commission is currently looking at ways of assessing the impacts of its policies (including transport policies) through SEA-type methods.

- Attention must be given to ways in which the SEA process can be integrated into transport planning procedures from a very early stage. Creating transparent links between the results of SEA and the infrastructure investment decision to grant or withhold funding is fundamental to this. Launching SEAs late in the decision making process will inevitably result in delays and should be avoided.
- Recruiting and training sufficiently experienced staff to provide the technical support needed by the authorities responsible for the development of policies, plans and programmes for the transport sector will become increasingly urgent. The manual on SEA for transport developed by the Transport Directorate General of the European Commission provides important support.
- Determining appropriate roles for public participation and consultation in strategic planning and developing effective mechanisms for ensuring adequate consultation, particularly with local authorities, is important.
- Resources need to be directed by environment and transport ministries at improving environmental data sets (which are often inconsistent, especially across national borders) and improving the predictive techniques on which SEAs are based. However, spending should be selective and over-reliance on large data sets avoided for the reasons explained above. Particular attention should be paid to ensuring the traffic forecasts used as input reflect the dynamics of economic development and the influence of fiscal and other policies outside the sector together with the impact of international traffic.
- A coherent SEA strategy for the TEN needs to be developed. SEA of the TEN and its corridors should become an iterative process with continuous communication between all actors involved in the planning process (European institutions, national and regional governments, funding institutions and stakeholders).
- International funding agencies play a crucial role in the development of national and international transport systems. Even though most funding agencies have recognised the need for SEA and are investigating provisions for SEA, in practice environmental assessment is still very much limited to the project level. Practice shows that projects frequently form parts of plans that are only ever assessed in a segmented manner, as each individual project is examined. Introducing SEA principles as part of funding mechanisms would help to overcome this limitation. An example of this can be seen in the application of SEA to the regional plans for European Structural Funds.
- SEA procedures must be efficient. Planning delays have real costs and must be minimised as far as possible. In introducing SEA, opportunities should be sought for streamlining planning procedures rather than simply adding additional layers of bureaucracy.

4. Additional Priorities in Central and Eastern European Countries and the New Independent States

European Union Phare funds have successfully been used to support SEAs of regional development plans in central and eastern European countries. Transport is a key to development policies at the regional government level and this success should be built on, if possible extending assistance to more regions.

The European Union Transport Infrastructure Needs Assessment (TINA) programme presents the best immediate opportunity to develop SEA experience in the region and more fundamentally raises a clear need for such an assessment. Ideally countries along pan-European transport corridors along which TINA projects have been nominated should co-operate to undertake joint SEAs. The results should help shape the eventual selection of projects for financial support from European Union and international finance institution funds and contribute to improving the design of the projects and the overall development of the transport corridors. Further east, the new independent states need to co-operate in a similar way to undertake joint SEAs for transport corridors and the transport development regions identified at the 1998 Helsinki Conference. The recent Trans European Network transport corridor studies, co-funded by the European Commission, can provide methodological guidance.

5. Transport Ministries' Response

National governments must develop the necessary capability and expertise to undertake adequate SEAs. This implies that governments will have to establish central SEA units to support the overall development of SEA and its linkages to national sustainability policies. At the same time, Transport Ministries will need to develop their own expertise on transport-related SEA procedures and methodology⁶.

International exchange of information on the experience of SEA in practice should help accelerate the learning process and ensure compatibility between national approaches when assessing infrastructure decisions with an international dimension. Joint SEAs between Ministries in neighbouring countries is the most effective way to achieve this.

Without the clear political support and transparent integration of SEA results into decision making recommended, there is a risk that money is wasted on appraisals that are not subsequently fully utilised. Weakness in terms of institutional linkages between Ministries and between different departments (road, rail, aviation, etc) within Ministries (and indeed in the European Commission) increases the risk. All countries are exposed to this risk, but the exposure is probably greatest in the newer Member countries where government resources are most limited and where the transport sector is entering a period of rapid change with a great many investment plans that have major strategic implications. When SEA is successfully incorporated into the decision making process it should help avoid wasted expenditure and at the same time speed up decision making by helping to avoid the lengthy and costly delays that often result when strategic issues are raised only late in the planning process.

SEA methodologies are undergoing rapid development in many western European countries in response to a clearly perceived need in government to improve the planning and decision making process. The need is as pressing in central and eastern European countries, even if sometimes less clearly perceived. Development of cost-effective SEA methodologies should, therefore, be given priority by governments in the region. SEA should facilitate rather than delay decisions on the investments that are expected to transform the transport sector, and particularly the road network, and help in ensuring that the investments made are sustainable and strike the best balance possible to fulfil social and economic development goals and ensure environmental protection. The proper role of government is as honest broker rather than advocacy.

6. For example the UK DETR Guidance Manual for Multi-Modal Studies to be published shortly and the Highways Agency Guidance manual on SEA for Multi-Modal Studies to published in September 2000.

6. Recapitulation

Among the conclusions discussed above, four stand out:

- Link SEA clearly to the planning process leading to an investment decision and begin it early.
- Keep the output of SEAs simple and to the point to maximise the impact on decision-makers.
- The only way to develop effective SEA methodologies and procedures is through practice.
- SEAs along pan-European corridors should be undertaken in conjunction with the TINA programme.

SUSTAINABLE DEVELOPMENT
SHORT SEA SHIPPING: AN ALTERNATIVE TO EUROPEAN INLAND TRANSPORT
OR A COMPLEMENTARY MODE

[CEMT/CM(2000)9]

This report is published under the title
“Short Sea Shipping in Europe”
ISBN 92-821-1269-1

Foreword

This report was drafted at the request of the Combined Transport Group of the ECMT at its meeting on 15 October 1998. Its purpose is to analyse the development of short sea shipping in Europe in the light of the most recent initiatives taken, particularly at European Union level, so that the ECMT will be able to adopt an innovative approach to the issues and formulate concrete proposals for addressing them.

The report follows on from CEMT/CS/COMB(97)3, CEMT/CS/COMB(97)4 and CEMT/CS/COMB(98)3, but is not intended to be an update of these documents. On the contrary, it attempts to enlarge upon them in order to give the Group an overview of the broad issues in short sea shipping in Europe with the aim of determining what the ECMT, specifically, could usefully contribute to improving the utilisation of short sea shipping throughout Europe from a policy-maker’s perspective.

Executive Summary

Short sea shipping already accounts for a large share of intra-EU trade (around 30 per cent in volume terms), of which a significant portion (more than 80 per cent in volume terms) is bulk commodities. For some years now, short sea shipping (SSS) has benefited from a number of government initiatives aimed at promoting its development. In seeking to secure more intensive use of this mode not only within the EU but throughout Europe, the aim has been to promote a more balanced modal split in transport in Europe while also contributing to other objectives, such as: reducing the impact of transport on the environment, ensuring greater European cohesion; and, lastly, promoting a sustainable transport system in Europe.

Short sea shipping has therefore aroused interest at policy level as an alternative to road transport, the predominant mode in Europe.

However, a review of overall transport policies in Europe shows that the current view of short sea shipping as an alternative to road transport is probably too narrow to exploit the full potential of this

mode of transport as a means of achieving the objectives outlined above and does not take sufficient account of the way in which transport market structures in Europe have developed.

Firstly, as globalisation and the constant effort to improve production processes have increasingly become features of economic development, transport operations become an integral part of the management functions of firms. Consequently, transport networks have become the basis of a high-value-added function: logistics.

Secondly, opening access to transport markets encourages competition within and between modes at the same time as giving users a wider choice of mode. Shippers expectations are now focusing on the conditions of access to transport networks integrating the different modes, so that they can optimise their logistics chains. While the traditional competition between modes continues, it is now supplemented by relations based on mode complementarity.

These trends present policy-makers with new challenges. Market regulation, the implementation of competition rules, the need to adopt a co-ordinated approach to the different transport modes, and the need to take into account policies in other sectors (environmental and regional policy for instance) make co-ordination a key factor in the effectiveness of government policies. Lastly, the rapid development of markets requires that governments be able to forecast which regulatory trends are most appropriate to ensure sustainable mobility. In this context, short sea shipping warrants being part of an integrated strategy promoted throughout Europe.

INTRODUCTION

Short sea shipping: review of main features, its importance, advantages and obstacles to development

I. The main characteristics of short sea shipping in Europe

A. Statistics lacking

As a result of the abolition of customs frontiers between the Member States of the European Union in 1993, and until new statistical resources become operational from 2000, figures on intra-EU maritime transport are currently rather unreliable. It is estimated that maritime transport carries approximately 30 per cent of intra-European freight.

The very general pointers available to us⁷ do show, however, that short sea shipping now carries a substantial share of intra-European freight flows, but the supposed trends do not suggest growth on a scale that indicates that it has won market shares from other modes, particularly road. Nor do they permit an analytical approach -- by type of freight or by shipment origin or end destination -- that would be essential for a thorough understanding of the sector and for determining its potential in terms of achieving a more balanced modal split in the organisation of transport throughout Europe.

B. What is short sea shipping?

This report covers maritime transport between European ports. This includes:

- i) national coastal traffic between two ports in the same country;
- ii) international traffic from one European port to another, and
- iii) the European leg of inter-ocean trades.

We chose to use this broad definition because of the need to look at the potential role of short sea shipping as an alternative to inland transport⁸. In this context, the issue of a modal shift from road to sea concerns all types of transport regardless of the origin or end destination of cargoes whenever the operation concerned includes a European leg.

Short sea shipping comprises different types of carriage as follows:

- Tramping of dry goods or liquids in full bulk carriers, for a shipper (or a limited number of shippers). Tramping accounts for the major share (80 per cent) of intra-Community maritime transport by volume.

7. See Annex I.

8. This definition is not consistent with the one currently used by ECMT and EU, as explained in Annex II, but has been kept for the coherence of the report itself.

- The carriage of general cargo, usually unitised (containers) by carriers which, in theory at least, operate regular services for a large number of shippers (liner services). A variety of vessels are used: multipurpose ships, containerships, roll-on/roll-off vessels).

In the discussion that follows, we take the view that the issues that have to be resolved at pan-European level concern bulk commodities and general cargo transport equally. These are not hard and fast categories and the long-term trend is towards containerisation of both general and bulk cargo. It is in fact possible to unitise some cargoes that have traditionally been shipped in bulk (referred to as “neo-bulk” cargoes), particularly dangerous goods. Then, too, at European level, some modes of inland transport are suitable for bulk transport (rail, inland waterway) and are competing effectively with maritime transport. Even road, which at first glance is not well suited to the transport of large cargoes, is competing with maritime transport. History shows, for example, that national coastal traffic has lost out to road and rail whenever HGVs and trains have been able to compete with seagoing vessels in terms of both loading unit capacity and speed of carriage.

Bulk freight is mainly carried by unimodal transport. With a view to a more balanced modal split, it is hardly realistic to trust that there will be a shift from one mode to another. In contrast, the continuing containerisation of certain goods currently transported in bulk, and greater recourse to a combination of non-road transport modes well suited to bulk traffic (chiefly inland waterway/maritime transport) could be viable solutions that address current policy concerns.

C. Main structural features of the short sea shipping market

The short sea shipping market is regarded as highly competitive. Two techniques are used alongside each other: traditional unimodal port-to-port transport, chiefly for bulk transport, and multimodal transport comprising a maritime leg, for general cargo. General cargo traffic is generally dependent on “feeder” or tonnage contracts with one or more shippers, in order to ensure sufficient freight flows to enable more frequent round voyages. Non-contract transport or spot charters supplement “feeder” and contract cargoes. The low returns on short sea shipping, due equally to intra-modal competition and competition from inland transport, is partly offset by the fact that multimodal techniques enable more efficient management of container fleets, facilitate repositioning and, lastly, reduce voyages with empty containers.

The majority of operators specialising in short sea shipping are “niche” carriers for whom national coastal shipping has recently expanded to Community-wide and even Europe-wide traffic (intra-European international transport) and who still have a traditional approach to their business, although they are capable of offering a door-to-door service. However, this is a sector that is changing radically. Many services have been set up over the last few years, but many have been short-lived. In contrast, it should be noted that the most recent innovations have been where maritime carriers have been able to offer inland carriers an alternative to road (road trailer transport in the Mediterranean) or to integrate themselves into the logistics chains of shippers, going so far as to provide floating storage on their vessels (for the automobile industry and whisky exporters). In the Adriatic, the development of links served by high-speed combination ro-ro ships has been going on for some years now. Lastly, intra-European maritime traffic is increasingly being served by modern, high-performance containerships.

However, we would point out that ro-ro ships still only have a weak presence on the European market. The *economic* explanation is the additional cost of ro-ro ships (construction and operating costs) due to their inevitably lower load factor compared with containerships. Another explanation is what we might term a “*cultural*” one: setting up logistics operations of this kind necessitates:

- i) major investments by ship owners;
- ii) a radical rethink of the logistics solutions currently used by shippers;
- iii) equally radical changes in the behaviour of road hauliers; and
- iv) the introduction of new methods of working, based on complementarity rather than competition between inland and maritime carriers.

This said, from a *technical* standpoint, ro-ro ships have none of the problems with incompatible unit loads that containerships experience. Swap-bodies are the simplest way of linking inland and maritime transport, albeit at the price of using three transport components: the container, the chassis and, lastly, the ship.

D. Looking ahead

In the future, it is reasonable to assume that the volume of maritime trade in Europe overall will increase as a result of a combination of four factors.

1. *Natural growth* -- linked to GNP growth and stronger trade -- which will generate a further escalation in intra-Community flows with the introduction of the Euro, as was the case with the earlier phases of building the new Europe, and in extra-Community flows with neighbouring CEECs and Mediterranean countries, which are already linked to the European Union through association agreements (Euro-Mediterranean partnership agreements).
2. *Growth by constraint*: environmental, technical and social standards will prompt certain shippers to integrate maritime transport or combined maritime/inland modes into their logistics chains more closely than in the past. The transport of dangerous goods and of products that are the most heavily penalised by current or future “road only” constraints, will be the first to be affected by this trend.
3. *Growth through efficiency*: developments in Community policies on infrastructure financing and charging for transport services will result in fairer competition between the various transport modes on a financial basis. We know that short sea shipping has been and still is adversely affected by competition from the other modes, which are exempt from various direct and indirect costs or are more heavily subsidised. Encouraging a level playing field for all modes should therefore benefit the maritime industry.
4. *Growth stemming from logistical improvements*: the development of nodal distribution and the need to achieve economies of scale are factors conducive to short sea shipping. Feeder transport has increased by more than 20 per cent per year over the past decade for these reasons, and today it accounts for over half of the maritime container traffic in Europe.

II. Advantages of short sea shipping

Maritime transport has several competitive advantages over other transport modes.

A. Maritime transport and the environment

Taking all modes together, transport is responsible for 25 per cent of CO₂ emissions worldwide. This 25 per cent breaks down as follows: maritime transport, 7 per cent; air transport, 12 per cent; road vehicles, 75 per cent; other modes, 6 per cent. Transport is specifically targeted in the current negotiations on environmental protection. Maritime transport, including short sea shipping, is generally regarded as an environmentally friendly mode. The best known indicators are those for atmospheric pollution (see annex 1).

B. An economic mode

The advantage of maritime transport is that it uses a no-cost infrastructure, the sea. Port infrastructure requires smaller investment budgets than rail or road infrastructure. For instance, over the period 1990 to 1995, gross investment expenditure by the 18 Western European countries of the ECMT on inland infrastructure totalled an average of ECU 71 500 million per year (at 1995 exchange rates), as opposed to ECU 2 400 million on port infrastructure. Investment in this mode being less substantial, maritime transport can adjust more easily to fluctuations in traffic. Maritime transport and ports take up little unspoiled land. It is also an energy-efficient mode (see annex 1).

C. Maritime transport and regional economies

Europe's physical and economic geography lends itself to maritime and waterway/maritime transport. The European Union alone has 67 000 kilometres of coastline and 25 000 kilometres of navigable waterway. One advantage of maritime transport is that it is able to reach what are known as "peripheral" regions that are impossible or difficult to reach by other modes. This is the case for Ireland, Norway, regions on the Baltic Sea, the Black Sea and the Eastern Mediterranean. From this standpoint, short sea shipping is the leading mode of transport for trade in goods between Eastern and Western Europe and between the countries of the Mediterranean basin.

D. Maritime economy

Short sea shipping generates work for European shipyards. In 1995, the European Commission estimated that 50 per cent of the ships built in the European Union were for short sea shipping. The prospects of replacing this older fleet by one more suited to the needs of the market (containerships, ro-ro ships, self-unloading bulk carriers, and fast freighters) can only increase this sector's contribution to European shipbuilding. Shipbuilding is not the only activity related to maritime transport to benefit from the expansion of short sea shipping. Short sea shipping is a major source of employment (accounting for almost 60 per cent of French sea-going jobs). Another factor to be taken into account is its contribution to the turnover of the insurance, brokerage and freight forwarding sectors, for example. Lastly, short sea shipping develops as a logistics business; it will almost certainly require highly specialised personnel.

III. Obstacles to the development of short sea shipping

Numerous studies on barriers to the development of short sea shipping have been carried out since 1992. The major barriers identified are listed below.

A. *Poor image*

Short sea shipping is still regarded as a mode of transport that is:

1. *Complex to organise.* Red tape and the complexity of through-carriage involving a maritime leg due to overlapping contracts of carriage and liability regimes are often criticised. Public health inspections, customs formalities and dangerous goods regulations are cited as obstacles to the development of short sea shipping. Most of the time, maritime freight transport is part of a multimodal, not a unimodal, operation. Successive modal transfers entail additional risks and costs for shippers, consignees and forwarders. The problem of modal transfers and their cost is a general one, shared by all alternatives to road transport as soon as they form part of a multimodal chain.
2. *Technically not flexible enough and slow.* In Europe, the vessels used for short sea shipping are old (about 20 years old) and generally not purpose-built (between 57 and 72 per cent of the fleet used for short sea shipping are reported to be multi-purpose vessels)⁹. The current trend towards gradual replacement of the present fleet by faster, better designed and more commercial vessels is likely to become more marked over the next few years: combined high-speed ro-ro ships, self-unloading bulk carriers, small containerships able to cater for 40' containers and better suited to inland transport loading units than 20' containers. Another factor that contributes to inflexibility is the low penetration of maritime transport inland -- an obstacle that inland waterway/maritime transport could help to overcome.
3. *Difficult to assess.* The lack of statistics is an added handicap. The result is that potential users have only a patchy picture of this mode of transport. The lack of transparency with regard to existing or potential services, provided by regular lines or not, is often quoted by shippers as a factor which puts them off using short sea shipping. The lack of statistical data also makes it difficult, for governments to assess the efficiency of policies implemented and hampers their ability to forecast market trends.

B. *Costs and standard of port services a disincentive*

Maritime transport professionals in the European Community estimate that stevedoring charges plus port taxes account for over 50 per cent of the costs of short sea shipping in Europe on average. Here again, the statistics should be treated with caution. Comparisons between two ports can be queried because charges are not sufficiently transparent and the structure of transit costs varies with local practice, which inevitably leaves comparisons open to question. However, we would point out that, on average, the deterrent nature of port transit costs is cited with regard to ports in Southern Europe as much as to those of Northern Europe.

The slowness that is still a feature of maritime transport can largely be put down to time spent in port, as owners estimate that an average of 50 per cent of the turnaround time of a short sea vessel is taken up by the approach to and stay in port. As well as time spent in port, another factor that affects the competitiveness of short sea shipping is the time necessary for transit through the port area. In addition to the efficiency of port handling and warehousing facilities, the issue here is the improvement of transfer facilities, where necessary. Over and above the need to modernise (gear on general cargo ships; self-unloading bulk carriers), it is the conditions under which some ports currently provide interface services from the vessel to other modes of transport (road, rail, inland waterway)

9. See CEMT/CS/COMB(97)3.

which are regarded as one of the main obstacles to the development of short sea shipping: 24h access, organisation of warehousing and distributions areas, land access facilities.

C. Intermodal competition

One of the most frequent demands of maritime carriers is for the different modes to be allowed to compete on equal terms. A demand that is generally formulated by the idea that all transport users should pay for the infrastructure they use. The publication by the European Commission of a Green Paper (in 1996), then a White Paper on fair payment for infrastructure use, in 1998, has brought this issue to the fore.

D. Pre- and post-shipment carriage

Lastly, the issue of land access to ports is regularly cited as a major obstacle to the development of maritime transport. From a multimodal standpoint, it is essential that ports have adequate, efficient links to land transport networks. The planning of land access infrastructure is vital for a port's development.

Infrastructure investment and user charging policies also play an important role in ensuring a coherent European port network and in competition between ports. As well as the problems of road, rail and inland waterway infrastructure and their connections to ports, the challenge that ports are now facing is their competitive position compared to other land transfer terminals.

As well as network connections, different standards for loading units for land and maritime transport are also holding up the development of maritime transport. Sea containers are not really suitable for European pallets and, when they are used, stuffing rates are low. Consequently, low returns are a problem when sea containers are used on land routes.

PART I

Policy initiatives in recent years

The current organisation and operation of short sea shipping in Europe is the result of policies implemented by the EU from both a pan-European and a Community perspective. Within the EU, development has not been uniform. This is because:

- i) Community policies have flaws which affect the modes to different extents; and
- ii) the majority of these policies have been implemented by directives that leave a large degree of discretion to Member States as to their introduction into domestic law.

In non-EU Member States, development has been even more uneven. Iceland, Liechtenstein and Norway are covered by the Community Regulations through the Agreement on the European Economic Area. They are also used as benchmark in Switzerland and for policy and regulatory development in the New Independent States/Central and Eastern European Countries (NIS/CEECs). However, these latter countries all have their own highly specific characteristics (the common denominator being their recent transition to a market economy) which explains the necessary “adjustments” to the free-market principles that are applied more or less strictly within the European Union.

A further complicating factor is that the current organisation and operation of short sea shipping in Europe is the result of proposals specifically aimed at maritime transport and of others relating to overall transport policy. Seen in this light, the promotion of short sea shipping is the result of policy proposals for the sustainable economic development of the Community and of components of overall transport policy, rather than of any commitment to develop a structural policy for maritime transport.

I. Policy initiatives for the development of short sea shipping

Many Community-level policy proposals on maritime transport, including short sea shipping, have been announced by the European Commission, chiefly in a series of “Communications” and “Green Papers”. At the risk of drawing attention to a certain discrepancy between the intentions and the tangible results achieved, we have to say that the many recommendations contained in these documents -- although by no means all of them resulted in regulatory reforms -- have helped to make governments and transport professionals aware of the problems involved in making short sea shipping more efficient. One of the most visible results of Community policy has been the measures supporting research and innovation, to facilitate modernisation of the sector and its closer integration into the European transport system, while co-operation programmes with neighbouring countries were initiated to help ensure greater consistency of maritime transport and the port network throughout Europe.

A. *The basis of Community policy on maritime transport*

A first communication in 1985, *Towards a common transport policy -- Maritime Transport*, expressed a commitment to liberalise the various modes of transport (by promoting a policy of free access to markets), announcing a package of four regulations which would be adopted by the Council of Ministers (Transport) on 22 December 1986. A few years later (1989) the Commission presented a

more specific policy proposal in its Communication, *A future for the Community shipping industry* [COM(89)266].

With the completion of the Single Market, the aim was to develop an overall policy that would contribute to “sustainable mobility” of goods and people, i.e. the introduction of a sustainable transport system for future generations. The Commission’s White Paper, *The future development of the common transport policy. A global approach to the construction of a Community framework for sustainable mobility* [COM(92)494 of 2 December 1992] sought to achieve multiple objectives (environmental, social, and economic), a more balanced modal split, and improved interoperability/interconnection between transport networks. This gave birth to the idea of promoting a shift from road mode to maritime mode in order to develop a more environmentally friendly transport system and eliminate current and future bottlenecks on Europe’s roads.

On several occasions between 1991 and 1996, the European Commission outlined the components of a sectoral policy for maritime transport. A 1991 Communication, *New Challenges for the Maritime Industries* [COM(91)335] resulted in the creation of the Maritime Industries Forum (MIF). The objective of this initiative was to provide a forum for the main players in the maritime industry (carriers, shippers, shipbuilders, etc.), to discuss the sector’s problems and identify ways in which its efficiency could be improved.

The MIF’s short sea shipping panel drafted recommendations on initiatives to promote the development of short sea shipping in Europe. The work of this panel may be regarded as having substantially improved our knowledge of this sector and the obstacles hindering its development. However, some think that by focusing on the sector’s problems, which was its role, the panel was unable to avoid the risk of reinforcing the sector’s poor image. The Forum’s main problem was in implementing concrete initiatives. The short sea shipping panel solved this problem by encouraging countries to hold round tables on ports, which bring together sector professionals and are responsible for implementing commercial reforms and for setting up “promotion’ bureaux” to foster greater co-operation between industry and government with a view to setting up transport operations that integrate the maritime sector more closely. Lastly, more recently, the Forum has recommended the institution of national “Focal Points” (contact points) who are responsible for promoting the interests of short sea shipping at government level by providing information and acting as co-ordinators.

Based on the work of the MIF, the Commission published a Communication, *The Development of Short Sea Shipping in Europe: Prospects and Development* [COM(95)317] in 1995. This Communication lists obstacles hindering the development of short sea shipping and proposes an action programme. It goes on to analyse eight “corridors” with the greatest potential for shifting traffic from road mode to maritime transport.

Two Communications from the Commission in 1996, *Towards a New Maritime Strategy* [COM(96)81] and *Shaping Europe’s Maritime Future. A contribution to the Competitiveness of Maritime Industries* [COM(96)84], are aimed at defining or redefining the guidelines for Community maritime policy. Specific aspects, such as maritime safety and external relations, are covered in separate communications or reports. Although these Communications do not deal specifically with short sea shipping, they will nevertheless influence the sector, since they define the policy framework in which it operates.

Lastly, several EU Council resolutions express Member States’ backing for measures to promote short sea shipping. For example, the Council Resolution of 11 March 1996 states that the main objectives of short sea shipping policy are:

- i) to achieve balanced growth in this mode of transport; and
- ii) positive and active integration of short sea shipping, including feeder services, into the intermodal transport chain.

It refers to Member States' intention of "*promoting, in the interest of the users, free and fair competition between modes of transport in which all modes bear their full costs, including external costs*" ... and ... "*fostering free and fair competition between Community ports and between shipping lines*".¹⁰

For a long time, the *ports sector* had been left on the sidelines of the new Europe. Certainly, even before the completion of the Single Market and the obligations to liberalise the provision of services, which followed on from it, the Commission and judicial bodies of the Community enforced the general provisions of the Treaty of Rome regarding port dues, pilotage rates and conditions for handling operations. Now, in addition to ensuring that the regulations governing ports comply with the Treaty, port operations and competition between ports are now under the Commission's control in accordance with articles 81 (ex article 85) and 82 (ex article 86) of the Treaty.

The first building blocks of a Community port policy were seen in 1997 with the publication of the Commission's Green Paper, *Sea Ports and Maritime Infrastructure* [COM(97)678 Final of 10 December 1997]. The Green Paper contains recommendations on: linking sea ports to trans-European transport networks; improving the role of ports as transfer points in the multimodal transport chain; short sea shipping, improving the role of ports in maritime safety; and, environmental protection. Lastly, the Commission recommends greater transparency in port charges. It advocates a charging system based on the user-pays principle and the introduction of a regulatory framework aiming at a more systematic liberalisation -- although this would proceed in phases -- of the port services market in the main ports with international traffic.

B. Research and development aid

In order to promote maritime transport in general and short sea shipping in particular, the European Union and the Member States recently allocated, and are continuing to allocate, substantial amounts to fund research and development. Fifty-five projects were implemented under the 4th Framework Research and Development Framework (FRDP -- 1994/1998). These are co-financing measures totalling approximately ECU 45 million. Short sea shipping benefits from a special (Joint Action) measure. Due to their sheer number, research and development initiatives pose co-ordination and priority problems, which the Commission analysed in its Communication of 19 October 1994 [COM(94)438 Final]. On the basis of this analysis, the European Commission set up a *Task Force on Maritimes Systems of the Future* to co-ordinate the initiatives of all of the Directorates-General likely to undertake or co-finance projects directly or indirectly related to maritime transport. Lastly, short sea shipping is also eligible for support under PACT¹¹ and other programmes (PHARE, TACIS) and for funding (FEDER). For details see ECMT/CS/COMB(97)3.

10. A progress report following the Council Resolution of 11 March 1996 on short sea shipping has been edited under reference COM(99)317/Final dated 29 June 1999.

11. Pilot Actions on Combined Transport.

C. The pan-European dimension of the policy to promote short sea shipping

Community transport policy instruments would not be very effective if they confined themselves solely to Community level. The efficiency of the transport system is also dependent on the quality of its natural extensions outside the Community, that is, to the whole of the continent of Europe and even certain areas of the Mediterranean basin.

The gradual rapprochement between EU Member States and the CEECs/NIS stems, first from the latter countries' shared desire to develop into market economies. This development was facilitated by various Community association and partnership agreements: by the initiation of a policy dialogue with the Member countries of the OECD in general; by granting some countries observer status with the OECD and by paving the way for the accession of CEECs to the European Union. Today, all of the CEECs/NIS are Members of the ECMT and are therefore committed to promoting the implementation of resolutions and other types of undertaking negotiated under the aegis of the ECMT, particularly those relating to co-ordinating its Member countries' policies.

Some of the support programmes (4th FRDP, PACT, PHARE, TACIS) include maritime projects of interest to the CEECs. More recently, the European Commission and 10 states on the Baltic Sea (including Norway) set up a *Co-ordinating Committee* to review the status of maritime transport and ports in the region and define future avenues for co-operation in these sectors. Further south, under a Euro-Mediterranean partnership agreement, numerous co-operative initiatives are under way with a view to achieving better network integration, establishing an area in which goods and people can circulate more freely and, lastly, facilitating increased trade in goods and movement of people in the region.

As regards the 11 candidates for accession to the EU (including Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia and the Czech Republic), the Transport Infrastructure Need Assessment (TINA) programme was instituted in 1996 in order to co-ordinate the development of an integrated transport network and to bring networks in these countries into line with networks in EU countries. Under this initiative, 10 pan-European corridors were defined in Eastern Europe. In addition, four pan-European transport areas were set up which concern candidate and other countries equally (Helsinki Conferences, June 1997). Community aid for upgrading the networks of the countries concerned takes the form of co-financing for studies, rather than aid for infrastructure programmes under PHARE or TACIS, or through the Instrument for Structural Policies for Pre-Accession (ISPA).

In the regulatory field, NIS/CEECs are gradually bringing their regulations into line with Community standards. The ECMT plays a major role in liaising between EU Member States and the other countries of Europe in the regulatory and policy area. The United Nations Economic Commission for Europe has a more technical research and advisory role.

II. Short sea shipping and overall transport policy

It is virtually impossible to analyse trends in one mode -- short sea shipping -- without taking into account trends in other modes, if only because the modes are competing with each other. It is therefore important to review the different aspects of overall transport policy and the impact that they have had on the organisation and operation of European transport markets. These determine the environment in which short sea shipping is operating today. Important aspects of Community transport policy cover *infrastructure planning*, market access *liberalisation* (which varies significantly from one mode and one country to another, with marked differences between EU Member States and third countries) and

the creation of a *level playing field including on environment and safety matters*, an undertaking that is still far from complete.

A. Infrastructure planning

At Community level, a first three-year programme (1990/1992) adopted in November 1990 provided for financial support initiatives for projects in the interests of the Community. However, the real launch of an infrastructure planning policy was based on the amendments that the Maastricht Treaty added to Title XII (articles 129B-129D) of the Treaty establishing the European Community. The political impetus was given by the June 1993 meeting, in Copenhagen, of the European Community Council (transport), following which three outline plans for trans-European combined transport, road and inland waterway networks were adopted. With the publication of the White Paper, *Growth, Competitiveness and Employment*, in December 1993 the establishment of trans-European networks, particularly in the transport sector, became official policy, with a view to completing the internal market and opening the European Union to the countries of Eastern Europe. At the European Councils in Corfu and Essen in 1994, 14 priority projects were selected. At the time, capital investment in these projects was estimated at around ECU 100 billion over the period 1995-2010 (36 per cent on rail projects; 11 per cent on road projects; 40 per cent on combined transport projects; 11.6 per cent on road/rail connections; 1 per cent on airport projects). This network policy was formalised in 1996 with the adoption of *Community guidelines for the development of the trans-European Network* (of 23 July 1996, OJ No. L228, 9 September 1996).

Trans-European transport networks are regarded as an effective means of achieving economic and social cohesion throughout Europe. They rank high in co-operative programmes between the European Union and the CEECs.

Short sea shipping is not mentioned in the 1996 guidelines. However, it is concerned to some extent, since TEN-T have determined the major transport corridors at both pan-European and Community level. As well as helping to shape land access to sea and inland ports in Europe, trans-European transport networks are exerting a decisive influence on the relative competitive positions gradually being established between the different modes of transport as market liberalisation progresses. One of the challenges in reviewing these outline plans in 1999 will be “to clarify and strengthen the position of seaports, inland ports and intermodal terminals in the trans-European transport network” (preamble to the Proposal for a European Parliament and Council Decision amending Decision No. 1692/96/EC).

B. Progress on liberalisation, but uneven across the different modes

At Community level, liberalisation was regarded as an end in itself, because freedom to provide services, in other words, freedom of access to markets, was regarded as a means of achieving economic efficiency. However, the impact of this mode-based liberalisation policy on competition has substantially influenced the structure of transport in Europe. In the CEECs, current market access conditions are far from uniform and still a long way behind conditions in Western Europe, particularly in the road and railways sectors.

Maritime transport

In the maritime transport sector, liberalisation came into effect from 1987 [Council Regulation (EEC) No. 4055/86 applying the principle of freedom to provide services to maritime transport between Member States and between Member States and third countries; Council Regulation (EEC) No. 3577/92 applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage)]. Except for national coastal shipping services to islands, liberalisation has now been achieved.

Apart from forcing freight rates down, due to stiffer competition and the increasing use of open-registry vessels, liberalisation at Community level has not had any very marked impact on the structures of short sea shipping and it would be imprudent to try to say which changes in the current organisation of the European maritime markets are the result of liberalisation at European level and which are the result of liberalisation of the maritime sector at world level, or of economic globalisation.

It is more important for our purposes to note that it is the major ocean carriers who have the greatest influence on the structure of inland networks and transfer terminals in Europe. The trend towards flow consolidation through concentration (for example the merger of the container transport business of English operator P&O with the Netherlands operator Nedlloyd) or through the formation of strategic alliances, together with major owners' tendency to control pre- and post-shipment inland carriage have resulted in major legal battles on the application of Community competition law (Commission sanctions on inland rate fixing by shipping conferences¹²) and in the development of inland hub and spoke networks. However, the majority of these logistics facilities are still "closed", i.e. depot networks are still private (the depots set up on a trial basis by TACA shipowners in Frankfurt, Lyon and Munich are a case in point).

The main obstacles to the development of maritime transport are no longer at sea, but on land.

Port services and transport ancillary services

The terms of access to port services, the rules governing the establishment of firms in other countries or the operation of a business under free market conditions (the right to provide services) all affect the efficiency of maritime transport and investment conditions in the maritime and port sector. We would point out that one of the Commission's priorities in its Green Paper *Sea Ports and Maritime Infrastructure* was a more systematic liberalisation in the port services (stevedoring, tugging, pilotage, for instance).

Road sector

At Community level, access to road transport markets was liberalised in two stages: on 1 January 1993 for intra-Community international transport and on 1 July 1998 for cabotage. Except for the "eco-point" system required for transit through Austria, market access is now subject only to qualitative criteria (good repute, financial fitness and professional competence of carriers) not to quantitative criteria (quotas, permits). In the road transport sector, a strong trend towards concentration -- through internal growth or through take over -- is noticeable, together with a rapid growth of out-sourcing. This trend has been accentuated by the formation of a "strategic alliance" between

12. See Commission Decision of 16 September 1998 regarding the TACA.

carriers from different European Union Member States¹³, whose aim is to provide integrated transport solutions for shippers on a Europe-wide scale. Calling themselves “transport architects”, these road transport firms have become providers of integrated world-wide logistics services, managing air and maritime operations as well as road transport operations. Lastly, they have focused their efforts on the use of “clean” vehicles.

Among ECMT Member countries road transport, other than national cabotage, is governed by different regulations depending on the nature and size of shipments. Transport for hire or reward and vehicles with a permissible maximum weight of over 6 tonnes (or a payload of over 3.5 tonnes) require permits. Below these limits and unless specific reservations, there are no quantitative restrictions on transport between ECMT Member countries. Cabotage, authorised within the European Union, is still prohibited or subject to licence requirements in other ECMT Member countries. The process of deregulation brought stiffer competition, a reduction in rates charged lower returns and ageing vehicle fleets due to lack of investment. The process of privatising former public undertakings combined with the trend towards setting up private companies led to the fragmentation of the market. The risks of creating an oligopolistic market do not seem to have caused the concern that it did in Western Europe. From the point of view of enterprise structure, the East’s problem seems to be the existence of small, competitive firms alongside state enterprises, which are now obsolete.

Rail sector

At the start of the 1990s, the railways were a special case in that they were mainly monopolies heavily in debt from having to finance infrastructure for which they were virtually the sole users, and had been sheltered from market forces. The 1990s were the period in which the sector was gradually prepared for a free market environment. The preparation mainly consisted in:

- i) encouraging the emergence of railway service operators responsible for their own commercial management and separate from rail infrastructure managers (the means by which this was done was left up to individual Member States, currently 10 of them have separated operations from infrastructure management);
- ii) promoting the modernisation of the sector through co-operation rather than competition, although on this latter point only a few limited trials took place under the freight freeway initiative.

At Community level, Council Directive 91/440/EEC of 29 July 1991, grants access rights for international rail traffic to railway undertakings and international groupings. In practice access is restricted to certain types of undertakings under conditions that were defined later (Council Directive 95/18/EC and Council Directive 95/19/EC, which were to be transposed into national law by June 1997). Pending a more ambitious liberalisation of the sector (initiated recently by a series of European Commission proposals for the amendment of Council Directive 91/440/EEC) it is the 17 *rail freight freeways* recommended by the Commission in its July 1996 White Paper [COM(96)421] that will start to step up competition on the rail market. The rail freight freeways are to be administered via a one-stop shop (OSS) that will handle transport operations, allocate train paths, co-ordinate border crossings, but will allow freedom in setting charges.

13. This strategic alliance, called E1 comprises Dan Transport Holding (Denmark), Dubois (France), Saima Avandero (Italy) and Royal Nedlloyd (Netherlands).

The success of *rail freeways*, to judge by the disappointing utilisation rate, is moderate. There have been some experimental schemes, of which the most notable are:

- The Malmtrafickk consortium (Swedish and Norwegian railway companies), which transports ores in Sweden and Norway.
- European Rail Shuttle (ERS), set up by shipping companies (P&O - Nedlloyd, the Anglo-Dutch venture; the American company, Sealand; and the Danish company, Maersk) and German national railway companies, operating daily services between Rotterdam, Hamburg and Milan.
- Until September 1998, NDX, set up by the American company CSX (parent company of Sealand, the American shipping company), German railways (DB), Netherlands railways (NB), which operated several international routes within the EU (between Rotterdam and Munich, Antwerp and Barcelona and between Hamburg and Milan). In September 1998 almost all of NDX's operations were sold to one of the major European forwarders.

Other corridors that could be cited are:

- Muizen (near Antwerp) to Gioia Tauro (southern Italy), via Lyon and Genoa.
- The extension from Lyon to Marseilles.
- The extension from Lyon to Barcelona, via Avignon.
- Glasgow, Liverpool, London, Dunkirk, Metz (with a spur to Le Havre), Strasbourg, Frankfurt, Würzburg, Wels, Linz, Vienna and Sopron (Austro-Hungarian border).

Subject to a more detailed analysis, it would seem that the low train path utilisation rate illustrates the difficulty of making a return on multimodal transport chains in the framework of a freight freeway (as opposed to a network) when there is not yet full open access to the railways and their managers are still partially sheltered from market forces. The as yet only partial liberalisation of the railways is holding up intermodal integration of the European networks and at the same time creating major discrepancies in the competitive development of the transport modes. Of course, since 1996, the phasing in of freeways and other initiatives by the railway industry (like the setting up of dedicated block train services for OOCL (Orient Ocean Container Lines - an Hong Kong shipping company) and Chrysler from Antwerp to Graz) have improved commercial flexibility. However these initiatives are still limited to dedicated freight transport or freight freeways, which are the exception, while user demand tends to be for more general needs, which would require flow higher volume flows along corridors whose ability to meet market needs, probably warrants further evaluation.

Completing open access to the railways in Europe is a lengthy process. At the Council held on 9 and 10 December 1999, a common Position was agreed upon opening up the transeuropean rail freight network by 2003.

In the other countries of Europe, ECMT Resolutions 93/6 and 95/3 aim to extend the principles behind Community Directives 91/440/EEC, 95/18/EC and 95/19/EC to its Member countries. The objectives of the Directives are to ensure:

- i) the designation of an infrastructure manager;
- ii) accounting separation for infrastructure management and transport operations; and
- iii) that managers operate on a sound financial basis.

Accounting separation (which has now been implemented in 14 of the 15 Member States of the EU) has now been implemented in the majority of non-EU ECMT Member countries. Practical measures for non-discriminatory access to infrastructure have still to be implemented. At present, national monopolies are the only companies that have been granted access rights. Lastly, the freedom to set charges is an objective to be achieved throughout the CEECs.

Inland waterways

The inland waterways sector is very uneven. There has been open access to some waterways for years. On the Rhine, for example, the principle of free navigation for bordering countries is stipulated in the Mannheim Convention. Other waterways are also highly regulated and some of them have been closed to competition for years. In the European Union, coastal shipping has been permitted since 1 January 1995 and Directive 96/75/EC provides the legal basis for liberalisation of the sector. Arrangements for the free negotiation of charter contracts and prices (abolition of rotation systems) are to be phased in at national level by 1 January 2000, with transitional arrangements to be put into effect in the run up to this deadline. In many non-EU countries of Europe, access to inland waterways is restricted to vessels under national flags. This is the case in Russia, among other countries, where, because of its vast network and its potential for inland and maritime/inland waterway transport, these restrictions are a substantial obstacle to the integration of waterway transport into the trans-European transport network.

The share of inland waterways in pre- and post-shipment maritime transport varies substantially from one port to another. While it accounts for over 50 per cent in the port of Rotterdam, the percentage is much lower in French ports: Le Havre 5 per cent, Marseille/Fos 2 per cent, Rouen 14 per cent.

Combined transport

The European Union has repeatedly stated the need to promote and support combined transport, in particular as a competitive alternative to road transport, bearing in mind the aim of sustainable development and the current situation regarding road safety and road congestion. This political will lead, among others, to the adoption of Directive 92/106/EEC. Under this Directive, quota and authorisation systems do not apply to certain types of combined transport. Tax exemptions may be granted to road hauliers, as is the case in five EU Member States. Some non-EU countries -- the Czech Republic, the Slovak Republic, Bulgaria, Romania and Switzerland -- grant similar tax concessions. The legal restrictions on weight may also be relaxed for road trains (Germany, Austria, France, Greece, Portugal, Spain, and United Kingdom).

Combined transport still only accounts for 5 per cent of intra-Community international road traffic in tonne-kilometres. In contrast, it accounts for 23 per cent of cross-frontier rail traffic in the EU (road/rail transport is moreover the only source of rail freight growth in the EU), but only half of this is intra-Community traffic. The other half is inter-ocean trade sea containers. The implementation of this Directive has been hampered by the commercial and technical limitations inherent in rail

transport, while the liberalisation of inland road cabotage as of 1 July 1998 renders this exemption policy less effective. This explains the objective of the current process of amending the 1992 Directive, which is to make greater use of combined transport as a means of encouraging a shift in freight transport from road to other modes. With regard to intra-community freight transport, intermodal transport will in any case be limited since economists estimate that 85 per cent of the goods produced and bought in the European Union are transported a distance of less than 150 km¹⁴ -- at that distance “road only” is still more competitive than other modes including combined transport.

Combined transport benefits from the active support of governments, and of the European Commission in particular. The Pact programme, set up in 1992, aims to promote combined transport services in order to make them more competitive with “road only” modes. It provides for the co-financing of feasibility studies (up to 50 per cent) or the costs of actions of an innovative nature (30 per cent). The programme was recently extended for five years (1997/2001). Over the period 1997/1998, PACT provided financial support for 46 combined transport projects. Ten of them were more or less, maritime transport projects. According to specialists in this mode, the returns are eroded by the poor performance of the rail leg (high costs, lack of commercial flexibility).

While the railways are making progress with restructuring and improving their productivity gains and responsiveness to clients (development of shuttles, freight terminals), the completion of the open market in rail services seems, in the light of our-admittedly limited-experience to date, the key to the development of combined transport in Europe.

C. Patchy harmonisation: delays in transport market regulations

With the parallel moves towards liberalisation and the provision of interconnected infrastructure, co-ordinated action to establish a *level playing field* for market actors as regards network operation was put on the back burner for a while, although it had first begun years earlier¹⁵. The fact that the regulations in the various European Union Member States -- and in the other countries of Europe -- all differ may have had unwanted effects on *competition*. This raises the question of the need for *harmonisation of the social, technical and fiscal regulations within each mode*. Harmonisation is critical for establishing:

- i) the reliability of the transport mode concerned and the rules for fair competition between its operators; and
- ii) a level playing field for the different modes.

Harmonisation and the *effective implementation* of the rules, together with competition law, are the basic instruments available to the different countries for defining the “rules of the game” for operators within a single mode and for competing modes.

In the *maritime sector*, many operators claim that they have fallen foul of operating rules which put them at a disadvantage to their open registry competitors. An analysis of the costs (wages and social security contributions of seamen; vessel and maritime company taxes) show differences which the industry sees as distorting competition. In the maritime industry, the possibility of relocating

14. Figure quoted in Containerisation International, August 1997, page 68.

15. In the social field, for example, the first Community regulation on working time in road transport dates back to 1969.

companies and the means of production very easily creates a climate of competition between countries. The majority responds by setting up systems targeted towards attraction of foreign maritime investments. The widespread trend towards flat-rate company taxes (“tonnage tax”)¹⁶ that we have witnessed over the last 10 years is one example. In areas relating to maritime safety, both from the technical and social angle, Community regulations provide for the harmonisation of transport conditions. However, wider harmonisation was an issue that brought countries into a long-running conflict and was ultimately rejected, as demonstrated by the dropping of the EUROS project¹⁷.

The situation in the *road transport sector* is similar. Within the *European Union* standards are brought into line through Directives that leave the Member States some discretion as to the ways and means of implementing the principles agreed at Community level. A classic example of the difficulty of harmonising technical standards is vehicle weights and dimensions that may give an economic advantage to ports located in countries where the standards are less stringent, because larger sized lorries are allowed to serve their hinterland. In most *Central and Eastern European Countries* the abrupt liberalisation of the road transport sector prompted governments to introduce restrictions largely based on those implemented at Community level. Some of them are considering restoring quantitative control measures. A number of multilateral conventions (ADR on the carriage of dangerous goods; AETR on driving time; CMR on the international carriage of goods by road, TIR on customs transit) have helped to harmonise international transport conditions in Europe, even if some ECMT Member countries have not yet ratified all of these conventions. However, intra-European traffic is still penalised by numerous obstacles and discrepancies. The main problems, other than the lack of harmonisation, are poor control of social standards and customs frauds.

In Europe, the regulations on *inland waterway transport* differ substantially from one country to the next. The lack of harmonisation at regional level is frequently pointed out. The experts generally agree that a compromise between the Mannheim Agreement and the system currently applicable to other networks, such as the Danube, is a priority objective. Incompatible ship dimensions and administrative red tape (particularly customs) make a multilateral approach to the organisation of Europe’s inland waterways essential if they are to be integrated efficiently into European transport networks. The development of inland waterway and inland waterway/maritime transport is also dependent on numerous other factors, particularly: the upgrading of national networks; the modernisation of fleets and the industry; better transshipment conditions, inasmuch as ships carrying out inland waterway/maritime transport operations claim that the conditions applied to them when they enter port areas are a disincentive (application of maritime handling regulations, transit and push towing dues, etc.).

While progress has been made on social and technical harmonisation, it is on taxation -- a field in which Community regulations are subject to a unanimous vote -- that the least progress has been made. In 1996, the Commission presented proposals for internalising costs through infrastructure charging. A White Paper published in July 1997 proposes to establish a framework in order to ensure that infrastructure charges are transparent and that they integrate the environmental and social costs they generate. Charging policies that integrate social costs are notoriously complicated. In practice, the methods of internalising costs raise policy trade-off problems. Solving them is a difficult task that be further compounded by the fact that, under the subsidiarity principle, Member States will be responsible for the practical implementation of the method outlined in the framework established at

16. With such a system, ordinary tax law is not applied to ship-owning activities and companies are liable to fleet rate income taxation, generally based on the tonnage of the fleet they control.

17. This was a project to set up a Community register alongside national registers and was to serve as a vehicle for standardising operating conditions on Community vessels.

Community level, according to the Commission. This is a field where the gap that separates progress on policy proposals in Western Europe and the CEECs is at its widest.

Lastly, competition law, as a policy instrument for regulating market operation, is likely to become increasingly important. Already a fact of life in maritime transport, it is still in its infancy in the other modes. In the road sector, the recent trend towards an oligopolistic market is liable to prompt the enforcement of competition regulations. The same thing is likely to happen in the rail transport sector, for the same reason, as a result of its gradual entry into a market economy.

PART II

Main characteristics of the transport system in Europe and its implications for future government policy

I. Main characteristics of the structure of logistics in Europe from the standpoint of ports and maritime transport

While government policies in Europe were concentrating on three principles (infrastructure improvements; free access to market; creation of a level playing field, including environment and safety matters), the transport system in Europe was changing radically. Over and above the developments reviewed in Part I, it has frequently become apparent that the role of actors in the European transport market has changed from straightforward haulage operations to the provision of logistics services.

This has had major implications for the analysis of opportunities for short sea shipping and the part that it can play in an efficient, safe and sustainable European transport system.

A. *From transport to logistics*

Firms' desire to be in control of their freight flows, the globalisation of trade and, lastly, moves towards the liberalisation of transport in Europe have radically altered the operational role of the players in the transport chain: manufacturers, carriers, forwarders and ports. While the traditional role of "transport" was to deliver goods to the right place at the right time, logistics aims to do more. Logistics is part of the management function of a firm (increasing productivity; reducing costs; customising services; standardising products; just-in-time inventory management) in that it controls internal and external flows in an environment in which industrial activities are dispersed (decentralisation; site specialisation). As a horizontal function, logistics is involved at all the various stages of the production and selling of goods (procurement, manufacturing, intra-company transfers, product distribution, after-sales support, inventory management). It relies on managing information and communications flows. It is a determining factor in the competitiveness and the competitive advantage (or disadvantage) of firms competing on the market. It is a source of value-added for the industry.

B. *How transport and logistics are inter-related*

The "transport" function is now just one of a range of logistics services in which transport operators compete to win shares of the market not just by transporting larger volumes of goods, as before, but by becoming actively involved in the logistics strategies of firms. In this way transport operators are becoming providers of a complex, wide-ranging service, for whom the earnings from the transport operation itself matter less than what they can gain in value-added at each stage of the logistics chain.

In another sense, the development of logistics functions has radically transformed the key concepts of transport, as they are traditionally understood. The concept of a *port hinterland* is now losing any relevance it may have had, since distance is a relative concept that is factored into the

logistics chain on the same basis as other criteria, such as density of the area served (higher volume flows) or facilitating transit and transshipment operations (geographical location and efficiency of transfer points). In this context, logistics operators would ideally be totally free to choose the mode of transport and in most cases, the combination of modes they could use with no extra technical or legal constraints -- on either infrastructure or its use -- to limit their transport choices. That being the case, it is to be hoped that road transport's share would be limited to traffic that absolutely had to use that mode, and that modes more concerned with environmental protection would experience faster growth.

C. *The emergence of a new profession*

In the *maritime transport sector*, the globalisation of services, the emergence of world-wide shipowners co-operating through strategic alliances, the increase in the size of containerships and the concentration of flows through a limited number of port *hubs* are the outcome, as in the road transport sector, of both efforts within the sector to achieve economies of scale and efforts by industry outside the sector to take at least partial control of the logistics function. The concentration of flows and of maritime transport operators has contributed to congestion problems on the approach to ports that we are trying to prevent to today -- paradoxically enough by counting on the development of maritime transport.

In the *road transport sector* the parallel trends towards flow concentration and the creation of strategic alliances is not unlike the structural developments seen in inter-ocean trades in the maritime sector and for the same reasons: to be able to offer shippers integrated services on world-wide networks.

In the rail sector, co-operation -- an underlying principle of Community policy since the beginning of the 1990s -- has resulted in the emergence, albeit at a slower pace and in less radical forms, of companies or groups with the same objectives as in other sectors. The delayed implementation of liberalisation in the sector suggests that rail transport's "breakthrough" into logistics is yet to come.

Even *inland waterway transport*, with its reputation -- often mistaken -- for being behind the times, has joined the trend. It is able to provide logistics solutions for problems in handling heavy bulk freight, as demonstrated by its services to the largest terminal in Europe (rebuilding of the Potsdamer Platz in Berlin). It is now becoming capable of providing logistics for containerised flows. For example, the most modern containerships, with the right clearances for the Rhine, have a carrying capacity of over 270 TEU, i.e. equivalent to more than five trains or a road convoy over 3.5 km long. This potential can be fully utilised only by facilitating interconnections with other transport modes, particularly with maritime transport; and by actually implementing free access to inland waterways. Heavy investment will be required for modernisation, in order to bring Europe's inland waterway networks up to standard and ensure their interoperability. With the prospect of a high value-added logistics chain in mind, this now seems possible.

From this standpoint, inland waterway/maritime transport is particularly interesting technique as regards achieving the overall objectives of a more balanced modal split and environmental protection, because it limits the negative effects of transshipment and enables freight to be carried further into Europe.

Similarly, *ports* now serve as more than just transfer, warehousing or brokerage centres. They are developing into freight distribution hubs and so is becoming an integral part of the actual organisation of firms' logistics functions. Ports are taking on an active role in the development of inland logistics

chains, either through their active involvement in the definition of freight corridors or through their part in determining the geographical location of logistics hubs. More than their connections to transport corridors, once again, it is whether or not a port is integrated into transport and logistics networks that determines how it performs. The development of “dry ports” illustrates this point.

The breadth of these developments is reflected in the tendency for logistics service providers to come from *any transport background*: the “transport architect” may be a function developed by a firm from the inland transport sector (like the E1 road transport group), the rail/maritime sector (ERS), the inland waterway sector, or by a partnership of firms from any of these backgrounds. This trend has enabled transport intermediaries (*cargo intermediaries, forwarders*) to take a lead role in the organisation of logistics chains. For many years, transport actors and users, freed from the constraints of operating dedicated services, experienced in weighing up alternative modes, they are also at the centre of the process of flow concentration (for example, the take-over of NDX by Transfracht) and appear to be the key professions in decisions on modal and intermodal choice. Therefore, today, the backing of these professionals for European transport policy would seem to be crucial for its success.

II. New challenges for governments

A. Financing and use of infrastructure

While the development of efficient, interconnected and interoperable infrastructure is essential, changes in the industry mean that these are now no more than a pre-condition for the efficient operation of logistics services. For example, all of principals on which policy proposals to promote short sea shipping are largely based -- a better balance between modes, alleviating congestion on inland routes, greater environmental awareness -- are issues that require governments to look closely at the ways in which the operation and utilisation of transport networks can help them to achieve the common interest objectives in the transport sector. The effectiveness of government policies now depends just as much on the intrinsic quality of the infrastructure networks planned as on the efficiency of the logistics operations served by those networks.

Faced with the development of a logistics-based economy, what should the proportion of public finance to private finance be for logistics terminals infrastructure? This is a question that the European Commission is currently looking into as it revises the *Guidelines for the development of the trans-European transport network* (Decision No. 1692/96/EC).

B. Optimising logistics operations

For governments, giving firms a wider range of logistics choices means making the integration of the different transport modes and their interconnection or transshipment points (including sea ports, dry ports, inland terminals) their objective. A systematic implementation of open non-discriminatory access to infrastructure, together with harmonisation in technical, environmental, social and fiscal matters, should therefore be considered priority objectives. Other than the administrative streamlining aspects, the organisation of the different modes should be viewed in terms of *complementarity and integration* -- for the sake of the efficiency of logistics chains -- and not simply in terms of modes competing “against” each other. From this perspective, the positions of the most environmentally friendly modes are further strengthened.

Lastly, recent transport developments in Europe show the limited impact of a modal shift policy. Even if the objectives of liberalisation and efficient market control have been achieved, the merits of the corridor approach chosen (which, true, accommodated the specific circumstances of the railways) should be compared with a “hub and spoke” arrangement. In addition, the question of how far the compulsory aspects of transport policy should be increased arises: limiting road transport to certain areas or certain types of traffic, for example.

C. Policy co-ordination

Existing policies are coming up against a number of paradoxes, which will require a major co-ordination drive by governments, in the years to come. For instance, *rail freight freeways* are a response to the trend towards higher volume flows, but seem to be handicapped in precisely this area by their operator’s inability to consolidate flows. At the same time, the way they are designed directly benefit certain ports, increasing the risk that some ports will become congested. How can we prevent a maritime transport support policy from just shifting congestion to another location? Likewise, how do we tell in advance that facilitating border formalities -- a problem which, in a way, can be said to be to the advantage of maritime transport -- will not lead to increased use of road transport in the future? Finally, how to reconcile the need for competition between transport modes with complementarity, which is equally necessary? These are the issues, and there are others too, which make government policy choices so difficult.

CONCLUSION

Short sea shipping (SSS), must now be regarded not simply as an alternative to road transport, but also, in the context of modal complementarity, as a separate component in its own right of an integrated transport network aimed at optimising the efficiency of logistics.

The ECMT has already led numerous initiatives promoting an integrated Europe-wide transport policy. Without listing in detail the many Resolutions it has adopted on sectoral issues here, the main policy principles for transport in Europe recommended by the ECMT are contained in the Joint Statement by the Ministers of Transport of the ECMT, issued in Berlin in 1997.

ANNEX I

STATISTICS

Intra-EU trade by mode of transport and commodity group, 1995
(In million tonne)

Commodity group	Sea	Rail	Road	Inland waterway	Others	Total 1995	Total 1994
IMPORT							
Agricultural produce and live animals	25.2	7.0	47.9	6.0	0.0	86.2	66.0
Foodstuffs and animal food	16.9	2.1	52.2	5.2	8.3	84.7	75.7
Solid mineral fuels	2.4	1.6	4.5	3.1	0.1	11.6	15.0
Petroleum products	94.9	2.2	10.3	29.3	42.6	179.4	162.4
Ores and metal wastes	13.4	5.4	12.3	30.6	0.1	61.9	51.7
Metal products	17.5	15.0	37.9	2.7	0.0	73.2	55.7
Crude and manufactured minerals, building materials	32.3	4.9	52.8	42.1	1.4	133.6	177.1
Fertilisers	7.3	1.5	7.3	4.6	0.0	20.7	18.2
Chemicals	30.1	5.3	62.3	7.1	1.7	106.4	87.0
Machinery, transport equipment, manufactured articles and miscellaneous articles	31.3	5.6	87.3	0.2	25.9	150.4	103.4
TOTAL	271.4	50.6	375.0	130.9	80.2	908.1	752.2
Percentage share of total (all modes)	29.9	5.6	41.3	14.4	8.8	100.0	
EXPORT							
Agricultural produce and live animals	23.5	5.5	46.2	7.4	0.1	82.7	63.8
Foodstuffs and animal food	15.5	2.8	55.9	5.8	8.4	88.4	77.8
Solid mineral fuels	2.5	1.9	4.0	4.3	0.0	12.7	12.4
Petroleum products	102.2	2.1	8.8	32.2	53.6	199.0	183.2
Ores and metal wastes	9.4	16.3	13.1	8.9	0.0	47.7	36.7
Metal products	18.5	16.2	34.7	4.7	0.0	74.1	61.7
Crude and manufactured minerals, building materials	36.5	4.8	56.6	36.4	1.4	135.7	121.6
Fertilisers	6.6	1.4	6.3	4.8	0.0	19.1	17.0
Chemicals	27.8	4.5	54.9	7.5	2.0	96.7	78.7
Machinery, transport equipment, manufactured articles and miscellaneous articles	34.6	7.8	91.7	3.5	13.7	151.3	118.0
TOTAL	277.1	63.3	372.1	155.5	79.3	907.3	770.9
Percentage share of total (all modes)	30.5	7.0	41.0	12.7	8.7	100.0	

Source: ISL Bremen, Eurostat, October 1997.

Based on statistics provided by the European Commission and for EU countries only, short sea shipping rose by 17 per cent in volume and by 23 per cent in tonne-kilometres between 1990 and 1997. The respective shares of container short sea shipping and Ro-Ro transport are equivalent in national traffic (respectively 43 and 42 per cent in tonne-kilometres). In international traffic, short sea shipping has a predominant share (69 per cent). After modest growth of 4 per cent between 1990 and 1993, short sea shipping developed more rapidly from 1993 to 1997 (up 18 per cent). Only 6 per cent of aggregate intra-Community trade tonnage (national and international) are sent via short sea shipping, whereas 84 per cent of this trade is carried by road. With regard to extra-Community trade tonnage, the respective shares of these two modes are 33 and 45 per cent.

A number of additional figures underscore for instance the extent of short sea shipping in French ports:

- 1997: 20 million tonnes, or 6 per cent of aggregate tonnage.
Estimated roughly at several billion tonne-kilometres in equivalent land transport (in maritime freight, 10 billion tonne-kilometres, half of which in bulk liquids, essentially petroleum products);
- 1995: Over 115 million tonnes in trade with other European Union countries, including 42 million tonnes in oil traffic and more than 35 million tonnes in cross-Channel road traffic.

These figures, when compared with data for other modes of transport (20 million tonnes in trade between France and other European Union countries via rail and 130 million tonnes by road) show that short sea shipping is far from insignificant.

Air Emission Factor ranges for Truck, Rail and Marine
(in g/tonne-km)

Pollutant	Truck	Trains	Marine
CO	0.5	0.2	0.04
CO ₂	98	28	15
HC	0.2	0.1	0.01
NOX	1	0.5	0.3
SO ₂	0.03	0.04	0.3
Particulates	0.08	0.03	0.006

Source: Eurostat Trends Project.

Energy consumption by mode of freight transport
(In kJ/tonne-km)

Inland waterway	Road	Rail	Air	Pipeline
423	2890	677	15.839	168

Source: Whitelegg, "Transport for sustainable Future – the case for Europe", 1993, quoted by the Commission in COM(95)317Final, Short sea shipping: challenges and prospects", 5 July 1995.

ANNEX II

DEFINITIONS

Intermodal transport:

The movement of goods in one and the same loading unit or vehicle which uses successively several modes of transport without handling of the goods themselves in changing modes. (Source: ECMT)

Combined transport:

Intermodal transport where the major part of the European journey is by rail, inland waterway or sea and any initial and/or final legs carried out by road are as short as possible. (Source: ECMT).

The transport of goods between Member States where the lorry, trailer, semi-trailer, with or without tractor unit, swap body or container of 20 feet or more uses the road on the initial or final leg of the journey and, on the other leg, rail or inland waterway or maritime services there this section exceeds 100 km as the crow flies and make the initial or final road transport leg of the journey:

- between the point where the goods are loaded and the nearest suitable rail loading station for the initial leg and between the nearest suitable rail unloading station and the point where the goods are unloaded for the final leg, or;
- within a radius not exceeding 150 km as the crow flies from the inland waterway port or seaport of loading or unloading.

(Source: Council Directive 92/106/EEC)

Short sea shipping:

Maritime transport between ports in mainland Europe, including:

- i) national coastal shipping, between two ports of the same country;
- ii) intra-European international shipping whose ports of origin and destination are European ports; and
- iii) the European leg of inter-ocean trades.

(Source: Confavreux Report CEMT/CS/COMB(99)1)

HARMONISATION IN ROAD TRANSPORT
EFFICIENT TRANSPORT TAXES AND CHARGES:
CONCLUSIONS AND RECOMMENDATIONS

[CEMT/CM(2000)14/FINAL]

This report is published under the title
“Efficient Transport Taxes and Charges”
ISBN 92-821-1270-5

Summary and Key Issues

According to classical economic theory, in order to maximise social welfare, transport charges should be based on social marginal costs¹⁸. That is the costs of providing an incremental unit of transport service including related external costs (mainly health, environment, accidents and congestion) to the extent that these can be defined. In order to achieve this the instruments used to levy taxes must be differentiated to reflect marginal costs as closely as is cost effective.

A shift towards differentiated territorial based charges (away from more purely fiscal, national charges) is required both for efficiency and to avoid problems of international competitiveness. This implies moving partially away from vehicle excise duties, fuel taxes and the Eurovignette towards electronic km-charges and road tolls that can be varied in function of time and place as far as politically feasible.

The accompanying Resolution CEMT/CS(2000)13 adopts these broad principles together with principles for avoiding discrimination in charges levied on international road haulage, in a coherent framework.

The analysis below highlights the following policy issues:

- What needs to be done to avoid differences in charges distorting competition.
- What forms of international tax harmonisation are desirable and where different levels of charges are to be expected and accepted.
- The choice to be made between efficiency in the use of infrastructure and infrastructure cost coverage.

18. Practical considerations can, however, result in divergence from this theoretical norm. Budgetary pressures may mean sufficient public funds are simply not available to substitute for charges above marginal social costs in order to more fully cover total infrastructure costs. Some Governments also pursue as a principle the recovery of infrastructure costs.

EFFICIENT TRANSPORT TAXES AND CHARGES: CONCLUSIONS AND RECOMMENDATIONS

This report sets out a theoretical framework for establishing an efficient system of taxes and charges for transport. The accompanying report *Efficient Transport Taxes* [CEMT/CS(99)44/REV1] takes up the analysis in more detail and develops an accounting framework for making international comparisons of tax systems as they apply to road freight transport. This enables meaningful comparisons of the structure and level of taxation to be made. The work provides a framework for addressing the questions “what is the right level for transport taxes” and “what kinds of charges should be used”.

Nine neighbouring countries were examined in detail. Austria, Belgium, the Czech Republic, France, Germany, the Netherlands, Spain, Switzerland and the United Kingdom. The analysis is applied to road haulage but the framework can also be extended to cover rail freight and both road and rail passenger services. Preliminary work undertaken on these other modes and services is not reported here.

Competitiveness

In order to assess the impact of taxes on the competitiveness of national haulage industries, the taxation of labour and capital has to be taken account of in addition to transport taxes and charges. Although the analysis confirmed that there are large differences between countries in transport charges, it found that differences in labour and capital taxation cancel out most of the variation. The highest net effective rates¹⁹ of transport charges were three times those of the country with the lowest charges. Factoring in labour and capital taxes reduces the difference in marginal taxation to 36%.

Applying the analysis to a situation in which hauliers from each of the countries examined compete to undertake the same international haul (e.g. from Manchester to Zaragoza) revealed that differences in the impact of taxation on competitiveness are minimal. Thus differences in competitiveness that do currently exist in such transcontinental haulage markets arise from comparative advantage, differences in pre-tax prices of inputs and possibly other factors but not from differences in taxation.

Such multinational competition, however, represents only a small part of the haulage market. When the analysis was applied to particular pairs and groups of countries, differences in the structure of taxation were found to have a potentially substantial impact on the competitiveness of hauliers in some cases. Large differences were found between several pairs of national hauliers competing in each others markets. Even larger differences were found between some pairs of national hauliers potentially

19. The net effective rate of transport charges is simply the overall weight of charges obtained by summing all the various charges and taxes levied (vehicle taxes, fuel taxes, tolls etc.), subtracting any reimbursements, discounts etc. and expressing the overall figure in terms of a charge per ton km (or per km or per litre of fuel used or some other common denominator).

competing for hauls in third countries (details are given in the report [CEMT/CS(99)45/REV1]). The differences recorded in this part of the analysis are much larger than with the long distance international hauls because on the longer hauls, the more territorial charges (tolls, Eurovignette, fuel tax) that all pay on a more or less equal basis dilute the differences in the national charges (vehicle taxes).

The key factor within transport charges in determining the impact of taxation on the competitiveness of hauliers is the relative weight of more purely fiscal, national based taxes compared with more territorial charges, in the sum of taxes levied. Potential impacts on competitiveness can be avoided by limiting the weight of national charges (such as vehicle excise duty) in the country's basket of transport taxes.

For vehicle taxes there are significant differences in levels of charges. Their impact on competitiveness was not fully determined but the analysis demonstrated that distortion of competition can be avoided by partially replacing vehicle charges with territorial charges.

Turning to fuel taxes, the data examined suggest that the market works well in preventing major differences in fuel taxation between most countries. Only the United Kingdom diverges from the general pattern among the countries studied. It is able to do this due to its geographical isolation which limits fuel-tank tourism.

Efficiency

Efficiency and competitiveness are separate issues. Efficiency, that is maximising social welfare, is the more important issue. Three broad categories of taxes can be identified in relation to efficiency:

- Efficiency and welfare enhancing taxes – charges on external costs.
- Welfare neutral taxes – e.g. taxation of economic rents on the production of natural resources.
- Efficiency and welfare reducing taxes – most other forms of taxation.

Thus because of the nature of the impact of taxes on economic activity, the efficiency of transport taxation depends largely on its relation to external costs. All governments require revenues over and above those that can be raised by taxing externalities. The aim should be to select the least welfare-reducing tax package to raise the necessary additional revenues.

In the absence of externalities, taxes on intermediate products such as road haulage distort markets. They alter the allocation of resources in production sectors and thereby reduce the net output of the economy. They are therefore strongly welfare-reducing. Ideally taxes on intermediate products should be avoided. It is less *inefficient* to tax inputs (labour and capital) and outputs (VAT and profit taxes) as they do not effect the efficiency of the production sector.

This implies that the taxation of intermediate goods (such as commercial transport) should be set at the level of marginal social costs and no higher²⁰. This provides for different tax treatment between freight and passenger transport. For example VAT should generally be levied on passenger transport

20. See also the section on infrastructure cost coverage and footnote 1.

(as it is generally considered final consumption) but not on freight transport. This is indeed generally the case, although not always.

In order to avoid distorting the allocation of production factors, rates of taxes on labour and capital should be identical for every sector of the economy. Thus there should be no special regimes for labour or capital taxes for haulage or for any other sector of the economy. It is always better to address income distribution concerns via taxes on final consumption and on income rather than taxes on specific production sectors. Therefore distributional issues should also play no role in determining the taxation of freight transport.

Tax instruments

Transport taxes and charges are under review in many ECMT Member countries in response to political pressure to ensure charges are fair and as part of the wider reform of taxation to underpin the improvement of environmental protection in the economy as a whole. The analysis in the main report discusses in some detail how existing transport tax structures can be made more efficient by shifting from national charges (such as annual vehicle excise duties) towards more purely territorial charges (such as electronic km charges or tolls). This means restructuring and reducing some taxes and introducing or increasing others. For example, replacing the existing Eurovignette with an electronic km-charge would increase efficiency.

Fuel taxation has been a key element in strategies to relate transport taxes to external environmental costs and a shift from national taxes to fuel tax (which is weakly territorial) can in many cases be recommended. However, except for CO₂ emissions, fuel tax is a relatively blunt instrument for tackling many elements of the social costs of transport. Technological progress is now making the introduction of more accurate and better targeted charges cost effective. Electronic km-charges for trucks are the leading example. The introduction of such marginal cost based charges is recommended and could allow for a reduction in the level of fuel tax.

International Coherence in Taxation

As marginal social costs vary by location, one should not expect efficient transport charges to be uniform. Territorial charges should vary with costs. General harmonisation of the level of such charges is therefore inappropriate. Harmonisation of the basis for such taxation, e.g. in the methodologies use for determining marginal social costs, is more appropriate.

As noted, market forces tend to limit the divergence of tax structures and levels between neighbouring countries in an open economy. Differences between countries co-operating in the European Union's single market are therefore likely to be small. However, if Governments wish to maintain substantial national charges (such as vehicle excise duty) an agreed minimum rate is required, or else the floor rate of taxation may come under pressure from third countries. The same applies in the case of fuel tax, hence the existing EU minimum rates.

Although market forces imply no need for maximum rates of tax, transit countries are in a position to set monopolistic rent seeking prices. Ensuring charges are non-discriminatory will limit the tendency for this to happen. However, a country with large transit traffic could maximise national revenues by increasing charges beyond marginal social costs. A maximum limit may be needed for territorial charges (although no *maximum* is needed for vehicle or fuel taxes, as discussed in the previous paragraph).

Thus there should be freedom to set territorial charges nationally or locally according to marginal costs but exploitation of the potential for monopoly pricing of transit traffic may need to be curtailed.

It should be acknowledged that due to their geographical location some countries, such as the United Kingdom, Russia and Turkey, enjoy a certain degree of freedom to diverge from the structure and level of taxes imposed by competition in neighbouring markets, although the same principles for efficient taxation apply to all countries and the remarks on limiting monopoly pricing also apply to all.

Russia and some neighbouring countries may be forced to diverge from the recommended structure of taxes while they continue to experience severe difficulties in collecting many categories of tax. However, this will be a transient phase, it is to be hoped. In the long term welfare will be maximised by adopting the recommended structure and level of taxation.

Infrastructure cost coverage

An important conclusion that results from the principles for efficient taxation is that 100% coverage of infrastructure expenditures is not an appropriate basis for ensuring efficiency. Increasing returns to scale, such as exhibited by railways, mean that marginal social cost based pricing will not cover total costs. This is because marginal costs are below average costs in these industries. Transfers (subsidies) will be required to cover the difference and ensure an efficient outcome²¹. Work to date suggests that efficient pricing will require transfers amounting to around at least 40%²² of total infrastructure costs for railway systems.

Road networks do not exhibit quite the same degree of increasing returns to scale. At the same time, road use often occasions a high incidence of external costs. Taxing on the basis of marginal social costs as recommended will result in revenues that exceed infrastructure expenditure for the road network as a whole. Current research covering a number of Member countries suggests that revenues from efficient taxation could exceed 150% of infrastructure costs at the national level²³. This surplus of revenues will be pronounced in urban areas. But in the case of rural roads and some trunk inter-city roads, revenues are likely to fall below infrastructure costs in an efficient taxation system. The urban/rural differences are accounted for by congestion, air pollution and noise which are all highly site specific. Efficient taxation thus implies that revenues will differ from expenditures both within and across the various modes of transport.

21. See footnote 1.

22. See ECMT/CS(99)44Rev1.

23. See ECMT/CS(99)44Rev1.

TRIENNIAL PROGRAMME OF WORK

[CEMT/CM(2000)18]

A. GENERAL ORIENTATION

During the 1990s, ECMT went through a crucial period of adjustment. The Conference had to draw the consequences of many far-reaching changes that affected how co-operation in the realm of transport was carried out in Europe. First, the European Communities, having become the European Union, expanded from 12 to 15 members and at the same time, with the Maastricht and Amsterdam Treaties, strengthened their institutional foundations. Next, the ECMT itself, at the outset essentially a West European organisation, opened its ranks to all countries considered European, growing from 19 to 39 full members. On a general level, a redistribution of responsibilities took place between the intergovernmental organisations involved with transport. At the same time, as a result of severe budgetary pressures on the Member countries, the organisations belonging to the OECD were asked to carry out a streamlining exercise unprecedented in post-war history. Against such a backdrop, it had become necessary to conduct a thorough examination of the Conference's own role, the scope of its intervention, its working methods, how it organised its meetings, both at the policy-making and expert level, and naturally its relations with the other international organisations in the field.

When the previous three-year work programme was approved in 1996, the Council of Ministers addressed the issues mentioned above by adopting a number of positions that remain relevant. Those positions can be summarised as follows:

With regard to the **ECMT's own role** in the new geopolitical context, the last programme of work stated forcefully that the Conference should constitute, above all, "an instrument for co-operation to provide Ministers of Transport with a forum for open and frank discussions on important current and future policy issues. Although the ECMT has virtually no legally-binding executive powers, its highly flexible working procedures make it an organisation that is particularly well-suited to carrying out forward-looking analysis and assessment; with the support of its Economic Research Division, it can therefore operate as a policy 'laboratory' for identifying possible ways of providing a concerted response to the complex issues relating to the role of the transport sector and its positive and negative impacts in the development of modern societies and economies."

It should be added that the Council of Ministers, at its April 1997 meeting in Berlin, adopted a joint statement as the ECMT's contribution to the pan-European conference in Helsinki in June of that same year. In the statement, the Council specified that, in its view, ECMT's primary role consisted:

- “in helping to create, in its capacity as a political forum, an integrated transport system throughout the enlarged Europe that is economically and technically efficient, meets the highest possible safety and environmental standards and takes full account of the social dimension, and
- in helping also to build a bridge between the European Union (EU)/the European Economic Area (EEA) and other parts of the continent at a political level.”

Under the present circumstances, there is nothing to add to or delete from the above quotations, which in a sense reiterate the general objectives set forth in the Conference Protocol, bearing in mind the political and institutional conditions under which the ECMT must carry out its mission now that practically every country in Europe is a full member.

Another key point of the previous ECMT programme involved **internal operating procedures**, and especially the tailoring of structures and working methods to the primary vocation described above, and appropriately streamlining the management of activities, given the severe restrictions on the budgets of the Member countries. Here, it has been possible to make tangible progress. First, meetings of certain groups were discontinued—either because the subject matter with which they dealt no longer fits in with the ECMT’s role as defined above, or because the initial mandate had expired. Instead of working groups assigned to address very general issues—groups which for this reason had become permanent—as a rule, greater use is being made of ad hoc groups that are handed specific mandates for a limited duration.

Other issues raised in the previous programme with regard to reforms of structures and working methods will not be revisited in detail here.²⁴ Most of them have been implemented and are now standard practice in the Conference. Examples include the organisation of ministerial discussions, the linguistic facilities provided at Council meetings, the cut-back in the number of meetings of the Committee of Deputies and the precautions to be taken before creating any new working group. The decisions taken in all these areas have definitely proven their worth and thus require no further comment.

There is, however, one new element involving the operations of specific ECMT bodies: under an agreement reached in late 1998, speakers are now allowed to use the Russian language in certain important meetings, on the understanding that the resultant interpretation costs will be borne by the countries making the request. This system, which was introduced on an experimental basis in 1999, is currently financed by five Member countries and may be continued in the years ahead. From now on, then, the ECMT will have two official working languages (English and French), plus two other languages that may be used only orally (German and Russian) and the costs of which are funded by the countries concerned.

With further reference to the ECMT’s essential role as policy advisor to the Ministers of Transport, it should be noted, in respect of internal operations, that the documentation submitted to the Council is often voluminous, and that in many cases the documents still bear the mark of the groups of experts that prepared them. It would probably be preferable if, from now on, such documentation were more systematically accompanied by succinct summaries to the Ministers of the salient underlying issues. Efforts recently undertaken along these lines should therefore become more routine.

24. For more information see document CEMT/CM(96)12, Part I, paragraphs 5 to 7.

On a completely different plane, significant progress has been made over the course of the budgets submitted in recent years with regard to reducing the “overheads” billed by OECD on a flat-rate basis and replacing them with “decentralised” appropriations for much more specific categories of expenditure, such as rent and maintenance charges, the printing of documents by OECD, interpretation for meetings held at the headquarters of the Organisation, room rentals for those same meetings and translation of documents by OECD services. Identifying all these cost components is not just an exercise in clarifying the accounts; above all, it will enable more direct control over the corresponding expenditure, which can therefore be managed with the desired effectiveness.

It will be noted that these measures were sufficient to cope, throughout the 1990s, with the successive accessions of new Member countries, while keeping the volume of the budget constant for existing Members. It would seem legitimate to note at the same time that this process of enlargement constituted, and still constitutes, a major challenge for the Secretariat, whose overall burden has increased considerably, while its staffing and resources have been kept practically constant.

Improved efficiency is a permanent objective for the ECMT, which seeks to make its mark by the quality of its work.

Lastly, another essential issue, considering the context of geopolitical change, was necessarily **the ECMT’s place among intergovernmental organisations** concerned with transport in Europe, and appropriate working relations in this regard.

It should be recalled, first, that apart from the enlargement and strengthening of the European Union and the creation of the European Economic Area, there have been a large number of initiatives to set up regional conferences of Ministers of Transport; at the same time, three pan-European transport conferences were organised, primarily at the initiative of the European Parliament and the European Commission, while ECMT was gradually expanding to cover the same geographical area in Europe as the UN/ECE.

In short, if the necessary precautions had not been taken, there would have been a great risk of spawning initiatives that overlapped in many areas, and duplication of effort would have become inevitable. Fortunately, this was avoided to a large extent.

First, with regard to **relations between ECMT and the European Union**, it has to be recognised that the *acquis communautaire* will now serve as a reference for any development of transport policy in an enlarged Europe, but that this does not mean that ECMT will no longer be able to provide policy-making impetus in sectors in which it is particularly well-equipped to do so. Moreover, through its “integration” activities in particular, the ECMT will help Central European applicant countries to prepare their future accession to the European Union. Obviously, ECMT policy work will fully take into account the accession process and context.

The fact that, in a not-too-distant future, the European Union will experience a significant enlargement, particularly in Central Europe, will not be without its consequences for the future role of ECMT, and in due course the full implications of this will have to be assessed. However, this prospect, with its institutional aspect, lies beyond the programme at hand and will therefore have to be analysed in greater detail at a later date.

In respect of **pan-European conferences**, it is acknowledged that these have been instrumental in shaping the goals and underlying principles for transport policy at pan-European level. This having been accomplished, the ECMT, echoing the European Commission, has expressed the view that the series of conferences should be brought to a halt, and that the time has now come to ensure that the

goals and principles that were set out by them are implemented; it was for this reason that the Declaration adopted at the conclusion of the Third Pan-European Conference held in Helsinki in 1997 rightly called upon the EU, the ECMT, UN/ECE and other partners in multilateral and regional initiatives to “co-operate in the aggregation of relevant data, to review progress towards regional and sectoral goals, and to make proposals for more effective implementation on the basis of experience”. Insofar as it concerns the ECMT, this mandate must constitute an integral and significant part of this programme, along with the Joint Statement referred to above, which was adopted by the Council of Ministers of the Conference, also in 1997. It should be added that in view of carrying out this mandate, the ECMT Secretariat, following consultation with the European Commission, has already carried out a survey amongst those countries concerned, on the implementation of the regulatory framework set out in the Helsinki Declaration.

However, it must not be forgotten that the pan-European conferences also afforded a timely forum for contacts between Ministers of Transport and their senior officials, Members of Parliament, industry, non-governmental organisations and trade unions active in the transport sector. Inasmuch as this opportunity no longer exists within such a broad framework, the ECMT has been invited, on several occasions, sometimes with insistence, to explore whether and under what circumstances it would be able to take over this function. This aspect, which until now has not been followed-up, undoubtedly warrants further study in the years ahead. It is the view of several delegations that the ECMT will miss an important opportunity if it does not stimulate its role and meeting capacity in this respect.

It can be seen that the above mandate encompasses regional initiatives. The ECMT therefore systematically informs the Council of Ministers of declarations published by the various regional transport conferences and has been asked to analyse the degree to which they are consistent with one another from an overall standpoint.

Working relations between ECMT and UN/ECE improved significantly. In the new European configuration, the idea put forward from the outset that the ECMT should deal essentially with matters that inherently corresponded to the Conference’s policy mission of direct service to Transport Ministers, whereas UN/ECE, for its part, would provide a forum for discussion of legal, technical and economic issues, proved to be a criterion for sharing responsibilities on the basis of complementarity. It will be noted that, in line with this division of responsibilities, the ECMT discontinued some of its work—in the area of traffic rules and road signals, for example—and transferred the corresponding files to Geneva for further action. UN/ECE has indicated that these matters are being followed-up and some would result in amendments to the Vienna Convention on Road Traffic. In addition, the idea of presenting the Council of Ministers with a selective analysis of the main problems encountered during work undertaken under the auspices of the UN/ECE Inland Transport Committee, indicating in particular the political impetus that the Council could give to work that was arousing controversy among experts, has resulted in the Council has being briefed regularly on the main work of the Inland Transport Committee. On the other hand, a number of important ECMT policy documents were circulated to the UN/ECE Committee.

On a different level, the ECMT co-operated actively with UN/ECE on preparations for the Regional Conference on Transport and Environment held in Vienna in November 1997. Pursuant to its commitments, the Conference will continue to co-operate in this area, releasing the results of all its relevant work and contributing actively to the joint action programme to implement the Vienna Declaration.

Overall, the allocation of responsibilities between the ECMT and the various other players would appear under current circumstances, to be broadly satisfactory, even if it must be acknowledged that

there is still room for improvement and that, in any event, the balance attained at this stage will have to be reassessed on the basis of future developments from a medium-term perspective.

Relations between ECMT and OECD

It is necessary, however, to mention a new problem that has emerged over the last few years within the **framework of the OECD**, and thus within the institutional family to which the ECMT belongs. The Organisation houses a research programme, the origins of which, under the name of “Road Research Programme”, date back to the 1960s; at the beginning, this programme addressed solely the technical aspects of road construction and the maintenance of road infrastructure. However, the nature and content of the programme, which along the way had been extended to the entire area of road transport, underwent another significant change in 1997: in terms of content, the programme is now to cover “road transport and [its] intermodal linkages”; the nature of the programme is shifting to lose much of its technical aspect and take on far more of a political slant.

While the tendency to extend, by stages, this research activity (designated RTR) to the entire transport sector corresponds to a certain philosophy of “globalisation” that belongs to the OECD, it cannot be expected to leave the ECMT indifferent. This is especially so as it has been accompanied by a shift from pure research activity to socio-economic analysis and to the political arena, which is the domain of the ECMT, representing as it does the Ministers responsible for transport in all European countries and maintaining close links with most non-European members of the OECD.

It has therefore become obvious that to let these developments continue unchecked would lead to a fundamentally unstable situation in which overlapping of activities and confusion would become the norm, and the risks of duplication would be inevitable. This would seem especially unfortunate in a period of budget restrictions in which it is necessary to do everything possible to meet the demands for streamlining international co-operation that Member countries are pressing so forcefully in all quarters.

This problem, which is essentially structural, requires a fundamental reassessment by both organisations to find a suitable *modus vivendi* for the immediate future and ultimately, if possible, to find a solution that would be institutionally logical, operationally efficient and sustainable, and consistent with the various interests of all of the countries involved.

After numerous discussions between the secretariats of the two organisations, consultations within the ECMT, contacts with associate countries and finally an *ad hoc* meeting for consultation between a number of delegations from both sides, it has become clear that structural change designed to bring the respective research activities of the two organisations closer together is out of the question in the short term, even if it is not completely excluded as a long term possibility. As a result, it was decided to adopt a pragmatic approach following an evaluation of the risks of duplication and opportunities for co-operation on a case by case basis. Recourse will be made to joint projects where there is mutual interest in doing so, and further efforts made to seek synergies and develop work in a spirit of complementarity.

It is to be hoped that the arrangements put in place to this effect will prove sufficient for the period covered by the current triennial programme of work.

It must be stressed, lest there be any misunderstanding about the nature of the co-operative relations between the ECMT and the OECD taken as a whole, that the problem described above is specific and in no way prejudices the many horizontal co-operation projects that ECMT and OECD have developed throughout the years in a number of complementary areas, such as the environment,

energy, sustainable development, deregulation and urban travel, and that all of these activities are being pursued under very satisfactory conditions that generate genuine synergy.

It should be made clear in this context that the ECMT has long maintained relations with all **non-governmental organisations** working in the transport field. From time to time, these relations take the form of ad hoc consultations by working groups on specific problems, or even hearings by the Council of Ministers (e.g. those involving railways, combined transport or automobile manufacturers); otherwise, they take place within the framework of the periodic hearings that the Secretariat organises on a regular basis. These organisations are very frequently associated with the workshops, seminars and symposia that take place under the auspices of the ECMT. At times, the Conference also takes part in joint events with some of these organisations. One example of this is the ECMT/IRCA/UIC convention scheduled for autumn 2001 in Vienna. Other such events are held frequently in the areas of the environment and road safety. To date, all of these initiatives have been fully satisfactory, so there appears no reason not to pursue them in the future.

In the medium term, as the European Union expands significantly towards Central European countries (see paragraph above) ECMT, which has over the last ten years transformed itself from a Western to a pan-European organisation, will no doubt once again be forced to address problems of identity.

Up until now, the Conference has always seen itself as, according to the spirit and letter of its protocol, an organisation with an essentially European vocation. However, it has granted Associate Member status to five non-European Members of the OECD. In addition, it currently has two Observer countries that are not members of the OECD. Other applications have been or are soon very likely to be received from Asian countries.

Evidently therefore, there are, on the one hand, different elements in existence which are pushing ECMT towards an opening up to other countries in the world, and on the other the enlargement, albeit limited, of the OECD in the direction of these same countries (namely Mexico and the Korean Republic at present, and probably in the future certain South American and Asian countries). Furthermore, there is a growing interest, at least amongst certain current Member countries, in land transports links, and as a consequence a reinforced co-operation between Europe and central Asia.

It is from hereon a question of deciding which direction the Conference, in its capacity as a forum for political co-operation in the field of transport, should embark upon: will it remain in principle an organisation which is primarily European, but with the risk of being partially marginalised by the future enlargement of the European Union where the formulation and application of transport policy is concerned?. Will it move in line with the current wave of globalisation by going beyond its European nature and extending its membership and scope.

Obviously, such questions bear very heavy consequences for the future of ECMT. They necessitate a judgement that is well weighted on the advantages and disadvantages of the various options available. Moreover, it will be necessary to make a decision in the not-to-distant future, in full knowledge of the facts.

When the Committee of Deputies examined the recent applications it recognised the benefits to be gained from establishing structures for policy co-operation in the transport sector between Europe and Asia. It nonetheless felt that the issue that had been raised posed problems of principle relating directly to the question of future development and the role of the ECMT in a world undergoing far-reaching change.

In view of this broader dimension to the question, it was felt to be of utmost importance to ask the Ministers of Transport themselves, in the course of their discussion of the new three-year programme of work, to initiate an open debate regarding the general mandate and geographical scope of the ECMT.

It will therefore be the responsibility of the Council of Ministers to express its view on this matter and to give directions regarding the manner in which this matter should be treated in the future.

In conclusion, it can be said that the ECMT, which has gone through an important period of adjustment in the 1990s, has successfully tackled most of the problems confronting it. These primarily result from the geo-political changes in Europe and the shifting roles of the various intergovernmental organisations present in the land transport sector. Thanks to its institutional flexibility, the determination of its Member countries and the efforts of its Secretariat, the Conference has been able to refocus its activities, streamline its structures and working methods, maintain a zero volume growth budget despite an expansion from 19 to 39 Member countries, and then to organise its operational relations with, in particular, the European Union and UN/ECE on logical and relatively well defined terms in order to avoid duplication of effort. At the same time, it appears that the problem of how best to co-ordinate ECMT's action with that of the pan-European transport conferences is being resolved.

Having made many of the changes that had become necessary while at the same time expanding its scope of direct intervention to practically all European countries, each of which is now a full member, the ECMT can enter the 21st century with serenity. It must, however, remain very attentive to certain special problems involving co-operation with other international organisations, as well as to the medium- and long-term outlook, and most particularly the consequences of the expected accession to the EU of several countries in Central Europe. At the same time, the membership of large countries located in the furthest part of Eastern Europe undoubtedly gives ECMT a new dimension. Following the Helsinki Conference, the ECMT will probably also have to seek, on occasion, opportunities to provide a broad forum for meetings between government agencies, legislators, professionals and industry, joining forces to tackle the major transport issues of the day.

In the final analysis, the ECMT would appear able to develop its action along the lines traced in this programme, thanks *inter alia* to the value added it has to offer in the area of transport co-operation in Europe, and even beyond.

B. SPECIFIC ACTIVITIES AND PRIORITIES

1. INTRODUCTION AND SUMMARY

Transport is vital to the smooth functioning of economies and to human and social interaction. As an intermediate good that facilitates mobility and trade, transport accounts for 4-8% of GDP and a similar proportion of jobs in most countries. Household spending on transport is often much higher at 13-14 %. The transport sector is an important economic sector in its own right, but also one with much governmental regulation and substantial subsidies, taxes and transfers. It is a highly visible activity

with significant environmental consequences including noise, emissions, intrusion and others. Driven by growing trade and higher incomes transport continues to increase everywhere. International movements are growing faster than national ones.

The sector faces many problems and challenges. Some of these are common to all ECMT and Associate Members. Others are not, and need to be dealt with more regionally. General issues of longstanding concern at national and international level include:

- The appropriate infrastructure, its planning, appraisal, financing and efficient and safe use.
- The appropriate regulations for the individual modes and their interconnections to ensure efficiency and international harmonisation. Indeed, regulatory reform including deregulation and privatisation have been features of the changes over the past few years.
- The pricing, charging and taxation regimes for the different modes and the ways of covering costs including infrastructural and external costs.

There are specific topics where international exchange is of wide interest and where agreements or guidelines on good practice can be helpful to countries. These include urban transport, road safety, information technology and access to transport for all.

There is the longstanding search to increase efficiency and raise environmental standards in the individual modes. Beyond a modal approach, the search for sustainable transport policies in Member countries means there is an increasing effort to take a more systemic view of the sector, by looking for ways to meet transport needs in more integrated ways.

The increasingly global economy has direct consequences for transport volumes and also in the way that companies and other actors operate and the organisational structures perform.

There are also new concerns, like crime in transport where fresh approaches are needed. Fiscal treatment of transport is also crucial to competitiveness and sustainability. In these areas transport Ministries are not the only or even the main actors and close cooperation with other authorities is needed.

Preoccupations vary between countries in different geographical locations or at different stages of economic development. To the new Members from Central and Eastern Europe integration and opening of market access across the continent is key, as are issues of resources for maintaining, rehabilitating and developing their systems. For others, there is a serious concern about continuing traffic growth and the growing dominance of the road mode with its adverse effects on supply, congestion and the environment. Indeed, finding a balance between meeting society's economic and social needs while minimising environmental harm remains the problem in most countries.

This work programme attempts to respond to these challenges in the sector using a variety of approaches, structures and sources. The objective is to foster forward looking policy dialogue at international level based on careful preparation and clear analysis.

1.1 Priorities and Structures

In the previous work programme the need for flexibility in ECMT to deal with the above issues was underlined and working methods were adapted to respond. The following will serve as the

framework for future work but it will not be a rigid structure. In particular, any Minister can ask for an additional topic to be placed on the Councils agenda.

In the broadest sense the priorities for the future continue to be integration and environment. This reflects the need to develop transport policies that facilitate economic growth, social interaction and respect for the environment. The activities in many areas contribute to this broad goal and they are set out more comprehensively in the detailed sections that follow.

Topics are dealt with in specialised working groups, in task forces or steering groups of key actors, through research activities, or through writing or commissioning reports. Inputs to the work of these groups are obtained from a wide range of national and international sources. All of the outputs are filtered by the Committee of Deputies for presentation, if appropriate, to Ministers.

1.2 Decisions by Deputies

Deputies have reviewed the work in the different areas and, in line with their responsibilities have agreed on the following:

The mandates of the Working Groups on the following subjects have been approved:

- Integration (section 2.1)
- Environment (section 2.2)
- Transport for People with Mobility Handicaps (section 2.5)
- Combined Transport (section 2.8)
- Road transport (section 2.9)
- Road Safety (section 2.10)
- Railways (section 2.12)

The mandate of the Steering Group (joint OECD-ECMT project) on *Sustainable Urban Travel* is confirmed (section 2.3)

A new ad-hoc group on *Fiscal Questions* is created and its terms of reference accepted (section 2.4).

The mandate and terms of reference for The Task Force on *Crime in Transport* is agreed (section 2.7).

An initial approach to dealing with the topic of *Inland Waterways* was agreed (section 2.13).

Information Technology in Transport - The working group completed its mandate and is inactive; it is agreed to carry out the existing mandates and take up some new topics without using a formal group (section 2.6).

Transport Investment: These activities are to be carried out under the umbrella of the Group on *Trends in International Traffic and Investment Needs*. It is also agreed to bring forward the date for carrying out the next survey and to carry out the inquiry on an annual basis (sections 3.2.3 and 3.2.4). The statistical activities will be carried out under the auspices of the Statistical Group.

In relation to the *Research and Market Monitoring* activities (section 3):

- The continued development of the Research and Statistical activities is approved.
- The reorientation of the documentation work into an open access internet-based system is agreed.

1.3 Communication

Recent efforts to improve the dissemination and communication of ECMT's work will continue during the next work programme.

The main methods are through official publications and increasingly through INTERNET.

In the period 1996-1999, ECMT published 43 books on a wide range of subjects.

The Internet was not mentioned in the previous work programme; now there are over 600 documents on the site, including all ECMT Resolutions, Workshop and Seminar proceedings, Staff speeches and data. Links to almost 50 Government sites as well as to 40 international organisations and over 200 other transport sites are also provided. Over 600 000 visits to the site were recorded in 1999 a more than fourfold increase since 1997.

The newsletter ECMT NEWS was started in 1996 and is now circulated to over 2000 people.

2. WORKING GROUPS

2.1 Integration

Previous work programme (1996-1999)

Three specific topics were mandated for the Group in the 1996 programme as follows (with the implementation described in italics):

- A synthesis of problems at border crossings and progress in remedying the situation

Reports on Removal of Obstacles at Border Crossings for International Road and Rail Goods Transport were noted and a Resolution on Removal of Obstacles at Border Crossings for International Goods Transport adopted by Ministers in Warsaw in 1999.

- Work on overcoming barriers and on implementing the Vienna Resolution (input to a PHARE Study on access to transport markets)

A Report on the issue was noted and a Resolution on the Integration of European Inland Transport Markets adopted by Ministers in Warsaw in 1999.

- A Round Table on the intercity transport markets in Countries in Transition

A Round Table was held in 1996 and some of its findings and conclusions were presented to the Ministers in their session in Berlin in 1997.

Additional activities

In addition to these three main topics there were several other tasks dealt with by the Group:

- Special Round Table on European Transport Policy held in 1996.
- Seminar on Privatisation and Regulation in Road Freight Transport, held jointly with the Group on Road Transport in 1996.
- Reports from Albania, Moldova and Belarus on their transport policies were prepared in 1996.
- A case study on Hungary to illustrate the difficulties and challenges of attaining a sustainable transport system, jointly with the Environment Group, in 1997.
- A report on selected elements of Polish transport policy in the light of activities of ECMT new Member States was prepared in 1997.
- Seminar and report on transport infrastructure financing, in particular Public-Private-Partnerships (PPPs). Conclusions and recommendations from the seminar and report were agreed by the Ministers in Warsaw in 1999.
- Seminar “New Trade Patterns: New Transport Demands in the Black Sea Region”, held in Antalya, Turkey in 1998. Report from the Seminar was approved by Ministers in Warsaw in 1999.
- Pan-European process of legal harmonisation and adjustment of transport systems. A report and recommendations on the issue were agreed by Ministers in Warsaw in 1999.
- A survey on implementation of the Helsinki Declaration, as far as the regulatory framework is concerned, was launched.
- An Internet site was set up. All resolutions and many reports are now on the site.
- Information on recent activities, measures taken and policy or legislative changes was regularly exchanged between countries.

Objectives

In the period 1996 - 1999 ECMT took on 5 full Members. The integration of these and the “old” member countries continues to be one of the priorities for the ECMT work. The ECMT, and especially the Group on Integration of New Member States forms a “bridge” between the EU and the countries of Central and Eastern Europe.

The Group acts as a focus for all of ECMT's integration activities, through its own actions or through asking other bodies to deal with specific topics. In the longer term Integration activities will be fully incorporated in ECMT's activities and the need for such a Group will diminish.

The Group on Integration of New Member States will continue to contribute by:

- Acting as a forum for exchange of information and experiences on integration issues.
- Developing consensus on the appropriate approach and actions as countries move towards a harmonised and integrated pan-European transport system.
- Ensuring that integration topics are adequately dealt with in the ECMT and its subsidiary bodies.
- Writing reports, holding seminars, conferences and workshops to disseminate existing good practices.
- Making recommendations to countries and regions on integration issues, including liberalisation and harmonisation in their transport systems.
- Disseminating its findings through publications and Internet to a wide audience.

Tasks for the period 2000-2002

The programme should, as in the past, allow flexibility for the addition of items of importance. Priorities will be determined on a continuing basis. The tasks could include:

- Continue the work on strengthening market integration and reducing obstacles to international transport for all modes by:
 - Strengthening statistical monitoring on markets for operators and policy-makers.
 - Carrying out reviews of the barriers and problems facing the transport sector at an individual country level.
- Prepare a document containing relevant and valid ECMT Resolutions adopted since 1965.
- Monitor the implementation of the Resolution on the Removal of Obstacles at Border Crossings for International Goods Transport (see also the programmes of the road and rail working groups);
- Review progress on legal harmonisation and adjustment of transport systems in ECMT new Member countries by:
 - exchanging information with EU and UN/ECE on proposed changes in transport legislation;
 - recommending the Member countries, in introducing new legislation, to take into account its consistency with existing EU and UN/ECE legal instruments and ECMT Resolutions;
 - analysing ongoing process of screening of transport issues between EU and applicant countries in order to inform non-EU countries on main directions of change in the existing *acquis communautaire*.

- Continue the work on fighting crime in transport. A Steering Group, consisting of experts on the issue, will be set up to define and guide further appropriate actions to implement the Resolution on Crime in Transport;
- Continue the work on transport infrastructure financing, in particular Public-Private Partnerships (PPPs). New examples on PPPs could be gathered and discussed (see also the railway section);
- Continue discussions on specific transport problems and needs in integration process in different European regions:
 - Further analysis of the situation in Black Sea/Mediterranean area (Following the Antalya seminar taking account of the SECI initiative and the work in connection with the Black Sea PETRA).
 - New developments in trade and transport priorities in South-East Europe following the Kosovo crisis.
 - Needs and specific problems of the “newest” ECMT Member countries in their efforts to become a part of European transport system.
- Prepare policy reviews of the “newest” Member countries. These reports could also analyse how the provisions of the Helsinki Declaration are implemented in these countries.
- Continue exchange of information on transport policy developments and activities in EU and ECMT Member countries. Prepare and analyse overviews on Regional Transport Conferences for consistency and how they can contribute to the development of pan-European policy.

Resources and working methods

The Group could continue to meet twice a year for a half-day each in conjunction with the meetings of the Committee of Deputies. Workshops and seminars will be organised on specific themes. As before, Group Members are expected to contribute to the preparation of papers and agenda items.

2.2 Environment

2.2.1 Work under the existing work programme

In 1997 deputies approved the following set of priorities for work on transport and the environment [CEMT/CS(97)36] within the framework that ECMT’s work should contribute to achieving a transport system that is economically, socially and environmentally sustainable. Relevant work undertaken or currently underway is listed below (*marked by **) under each of the headings identified in the 1997 review:

- Reducing CO₂ Emissions from Transport
- Social Costs
- Follow-up to UN/ECE Conference
- Economic and Transport Growth and the Environment

- Transport and Environment in Central and Eastern Europe

Reducing CO₂ Emissions from Transport

In 1997, reducing CO₂ emissions from transport was generally agreed as being the most important and intractable long-term issue for the group. Exchanges of opinion and experience on measures to reduce CO₂ emissions and their effectiveness were seen as being an important part of ECMT's contribution to the wider debate. Since there are many actors involved, opportunities for collaboration with other organisations should be sought. Discussion and dialogue with industry should also continue.

Bringing together the Ministerial mandate from the Berlin Council where a review of policies to reduce CO₂ emissions from transport was presented (published as CO₂ Emissions from Transport) and the discussions among Deputies and delegates to the Transport and Environment Group, the following specific issues were selected as priorities:

- Incentives to influence consumer choice and behaviour
 - Turin Conference on Smart CO₂ Reductions - Non Product Measures for Reducing Emissions from Vehicles.
 - Report - Cleaner Cars: Fleet Renewal and Scrappage Schemes
 - Report - Variabilisation and Differentiation Strategies in Road Taxation
- Overcoming barriers to the purchase and use of more fuel-efficient vehicles
 - Report - Cleaner Cars: Fleet Renewal and Scrappage Schemes
- Reducing CO₂ emissions from freight vehicles.
 - Joint Workshop on Improving Fuel Efficiency in Road Freight Transport: The Role of Information Technologies.
- Reducing CO₂ emissions from in-use vehicles (transport demand management, driver behaviour, vehicle maintenance, speeds etc.)
 - Turin Conference on Smart CO₂ Reductions - Non Product Measures for Reducing Emissions from Vehicles.
 - Joint Workshop on Improving Fuel Efficiency in Road Freight Transport: The Role of Information Technologies.
- Industry suggested that the following subjects be treated: the role of telematics, possibilities in infrastructure improvements and improved Research and Development partnerships.
 - The Turin Conference on Smart CO₂ Reductions is a response to this request.
- Up-dating of ECMT's monitoring of CO₂ emissions of new cars (until such time as the system is superseded by that of the EU).
 - An Update presented to Members in 1998.

The Ministerial mandate also requires a repeat review of policies to reduce CO₂ emissions from transport in ECMT member countries. A start on undertaking a more quantitative analysis of the policies adopted has been made to this end:

- Study - Improving the quantification of the impact of transport-related CO₂ abatement policies

Social Costs

The Task Force on social costs was mandated to work until the Copenhagen Ministerial to draw up a Resolution and contribute to some other tasks. These include a research division Round Table on the Extent of Congestion, an examination of the barriers to the introduction of road pricing, a report on the use of fixed and variable taxes and an analysis of distortions in transport markets and the impact of net taxation on the environment. It was also agreed that this work needs to be widely disseminated. Numerous misunderstandings and errors occur due to misuse of the terms. The Secretariat placed the glossary of terms on the ECMT Internet site. The following activities have been completed or are underway:

- Round Table 109 on the Extent of Congestion in Europe was held in March 1999 and has just been published.
- Report - Variabilisation and Differentiation Strategies in Road Taxation
- Survey of Internalisation Policies
- Draft report - Efficient transport taxes: International comparison of the taxation of freight and passenger transport by road and rail.
- 1999 Dublin Workshop on Managing Car Use for Sustainable Urban Travel

Follow-up to UN/ECE Conference

There was a strong wish that ECMT should actively influence the follow-up work. The 1997 conference produced the Vienna Declaration, a Programme of Action and two technical agreements on the introduction of clean vehicles in international traffic and on vehicle inspection and maintenance. The Declaration reiterates (with a different formulation) many of the policy statements made by ECMT in the past.

The follow-up programme of joint action contains over 50 proposals for work at international level. A first count of these showed that ECMT had activities or mandates in about 30 of them. An evaluation of where ECMT can effectively contribute, within existing resources, prioritised four areas where ECMT agreed to take a lead role: the social costs of transport, sustainable urban travel, policies for reducing emissions of CO₂, and the withdrawal of highly emitting vehicles from the fleet.

Regular reporting of ECMT activities to UN/ECE is underway.

Economic and Transport Growth and the Environment

At the Berlin Council, many Ministers spoke about the balance between environmental protection and the need to provide access to people and goods. This balance depends on many factors and is not the same for all countries. Central and Eastern European countries emphasised the priority to develop their infrastructure and improve access to markets. Mobility as a factor in achieving a higher quality of

life was also mentioned. Others spoke about the need to take environmental actions that do not adversely affect economic activities. There is the ongoing controversy about the importance of transport to economic development and some wondered whether it was possible to isolate transport-related activities that made the greatest contribution to economic growth. Transport investment proposals and evaluation methodologies are increasingly challenged on environmental grounds. Some of these issues are rather academic and it was proposed that ECMT should concentrate on drawing practical conclusions from such work.

It was proposed that the best initial approach might be to draw up a scoping paper which outlined some of the main issues and which set out a possible framework for further activities. The following items have so far been prepared:

- Draft report - Assessing the Benefits of Transport
- Workshop on Assessing the Benefits of Transport

Transport and Environment in Central and Eastern Europe

It was agreed that this is an important topic. It was felt that as far as possible the issues should be integrated as appropriate under the headings above. Special topics should be taken up at the request of these countries. In this regard the following particular subjects (not already covered) were proposed by the new Member countries:

- Policies for modernisation of the vehicle fleet (replacement, scrapping).
- Report - Cleaner Cars: Fleet Renewal and Scrappage Schemes.
- Design and construction of environmentally-friendly infrastructure.

Additional Tasks Carried Out

- A number of tasks not foreseen on the previous three-year Programme of Work were carried out in line with ECMT's long-standing policy of flexibility in responding to pressing issues. The most notable item was work on Strategic Environmental Assessment in response to an initiative from the OECD/RTR. Exploiting the earlier experience in this area, an extended and updated version of the 1997 report on SEA was prepared, and a joint OECD/ECMT Conference organised in Warsaw in 1999. Very fruitful cooperation resulted in a successful conference and a useful set of conclusions, now available on the web.

2.2.2 *Priorities for future work*

The broad areas for priority in the field of transport and the environment agreed by Deputies in 1997 appear still to be valid, all under the general heading of implementing policies towards sustainable development: Reducing CO₂ Emissions from Transport; Social Costs; Economic and Transport Growth and the Environment; Sustainable Urban Travel; Transport and Environment in Central and Eastern Europe.

Two specific items identified in the 1997 review have yet to be addressed in any measure:

- Improved Research and Development partnerships between government and industry to address the reduction of CO₂ emissions from vehicles in the long term.

- Design and construction of environmentally-friendly infrastructure for CEECs.

The need appears clear for further efforts in several areas where a start has already been made:

CO₂ emissions reductions

- The existing mandate from Ministers calls for a repeat review of policies to reduce CO₂ emissions from transport in all member countries – the study on improving the quantification of the impact of transport-related CO₂ abatement policies underway is intended to lay the basis for such a review, possibly in 2002.
- Continued updating of ECMT's monitoring of CO₂ emissions of new cars (until such time as the system is superseded by that of the EU), currently on a biennial basis.
- Incentives to influence consumer choice and behaviour with respect to emissions from vehicles and overcoming barriers to the purchase and use of more fuel-efficient vehicles.
- Follow-up to the Turin Conference on non-product measures to reduce CO₂ emissions from vehicles.
- The contribution of very low sulphur fuels to enabling fuel savings through the use of advanced engines, and to cutting other exhaust emissions.

Synergies with OECD/RTR work on CO₂ emissions will be sought.

Social costs

- The Resolution on the Policy Approach Towards the Internalisation of the external costs of transport calls for a review of progress in this area. The survey under preparation does not cover all ECMT member countries but lays a good basis for a more complete survey towards the end of this new coming 3-year programme of work. The marginal and location specific nature of external costs means that definitive statements on internalisation policies can only be made on the basis of national or sub-national estimates of external costs rather than the European average figures prepared so far by ECMT. The review will provide an opportunity to present conclusions on the basis of national studies and national policies rather than European wide generalisations.
- The report of the ad hoc group on fiscal and financial aspects of transport adds a significant new dimension to the earlier report Efficient Transport for Europe, particularly in respect of efficient cost recovery targets. The results will need to be given prominence and put in the context of the debate on the social costs of transport.
- Close coordination with work on social costs in the EC will continue, in order to avoid the potential for duplication and to achieve synergies.

Economic and Transport Growth and the Environment

- Bringing together the results of work on assessing the benefits of transport with the work on strategic environmental assessment and social costs to make policy recommendations on weighing benefits and costs in transport infrastructure investment planning and on broader development programmes and transport policies.

Transport and the Environment in the Newer Member countries

- Examination of the implementation of Prague Council Conclusions on sustainable development in economies in transition, including with respect to instruments for the internalisation of the external costs of transport.
- Procedures for the assessment of transport impacts on the environment along major transport corridors.
- Dissemination of information on methodologies and models for the assessment of environment and health impacts in the transport sector.
- Some of these issues will be taken up in a survey of Russian transport policies in relation to sustainable development.

Sustainable Development

- Continued contributions to the development of sustainable transport policies with respect to the environment, taking up some specific strategic issues (e.g. Alpine transit) on the basis of the conclusions of the debate on sustainable development at the Prague Council.

2.2.3 *Structures and Resources*

The present work is carried out in the Group on Transport and the Environment. As agreed in the 1997 review of work on transport and the environment, the separate informal Government-Industry Group is not currently needed and Industry work is for the time being included in the work of the Transport and Environment group.

Co-ordination of work in co-operation with other international organisations remains extremely important in order to find synergies and minimise duplication of efforts and contain the burden imposed on national administrations for attending meetings and preparing input to reports.

A mechanism has been established for co-operation with the UN/ECE in regard to follow-up to the Vienna Declaration on Transport and the Environment and the WHO 1999 London Conference on Transport Environment and Health. A mechanism for co-ordination with activities in follow-up to the Vienna Declaration, and more generally with ECMT activities, may be required.

A major debate on sustainable development is to take place in the Prague Council and it will be necessary to review priorities in the Environment Group on the basis of Council conclusions.

The Group normally meets twice a year for 1½ days each. Seminars and workshops on specific topics are also organised.

2.3 *Urban Travel*

The 1995 report “Urban Travel and Sustainable Development”, prepared in a joint OECD/ECMT working group, set out a possible strategy for improving the efficiency and environmental impact of travel in cities. Ministers agreed that “countries should review their urban policies in the light of the findings of this report”. A follow-up programme of work was therefore launched in 1998 under the direction of a steering group of urban travel experts from 13 countries. It is again a joint OECD ECMT project, with the participation of the Environment Directorate and the Urban Affairs Division of the Territorial Development Service from the OECD.

The project is comprised of three principal parts: a series of workshops on particular topics; a survey of cities, and a series of national urban travel policy reviews. Work has progressed in these three areas as follows:

Workshops

Three of four planned workshops have been carried out to date:

- 1998 Linz Workshop on Land Use Planning for Sustainable Urban Travel: Implementing Change
- 1999 Athens Workshop on Implementing Strategies for Improvement of Public Transport for Sustainable Urban Travel
- 1999 Dublin Workshop on Managing Car Use for Sustainable Urban Travel

A fourth workshop will take place in Washington, D.C. in September 2000 examining institutional and public consultation issues.

Survey of Cities

A questionnaire has been sent to over 250 cities requesting information on urban travel patterns and systems as well as policy implementation in the areas of urban transport, environment and land use planning. Responses will be analysed and synthesised and will comprise the statistical basis for the project’s final report.

Country Reviews of Urban Travel Policies

A series of national in-depth peer reviews was launched in order to provide a detailed view of urban travel policy-making in particular countries. Four countries have expressed an interest in undergoing an in-depth peer review: The Netherlands, Sweden, Norway and Hungary. The first review took place in June 1999 in the Netherlands. The review of Hungary is planned for second quarter 2000, to be followed by that of Sweden and Norway in late 2000 and early 2001.

These in-depth reviews will be complemented by self-reviews to be undertaken by a number of countries.

The final report of this project will be prepared in 2001.

2.4 Fiscal Issues

An *ad hoc* subgroup on fiscal and financial aspects of transport, reporting to both the Environment and Road Groups and under the chairmanship of the Environment Group chair was established in 1998. Its initial task was to complete work, unfinished by the Task Force on the Social Costs of Transport, on the relationship between fiscal aspects of policies towards the internalisation of the external costs of transport and existing transport taxes and charges. In 1999 it was also charged with examining road freight transit charges as mandated at the Warsaw Council.

In order to address both issues, as well as respond to many requests for information comparing the tax systems of Member countries, the subgroup concentrated on developing a comprehensive methodology for making quantitative international comparisons of transport taxes and charging systems. In order to do this it was also necessary to review the economic principles for efficient taxation.

Work completed to date examines road freight transport in nine countries in detail. Other modes and transport services were examined (coach services and freight and passenger rail services) but more time is required to complete that analysis. The subgroup has prepared three documents for Deputies:

- A draft resolution on charges and taxes in international road haulage.
- A report on efficient transport taxation.
- And conclusions and recommendations on efficient transport taxes, prefaced by a draft mandate to complete the work.

Subject to Deputies agreeing the proposed mandate, work on the fiscal and financial aspects of transport markets will continue. The current reports will be extended as follows:

- To add further countries, following interest expressed in capitals, to the existing analysis of the road haulage market.
- To update existing data and results.
- Improve and complete the inter-modal and inter-service analysis undertaken (not included in the current report) on road passenger transport by bus and freight transport by rail.
- Add the following services to the analysis - passenger car transport and possibly freight transport by inland waterways and short sea shipping.
- Examine how marginal effective taxation rates have changed over time in road freight markets.
- Examine the degree to which differences in taxation affect overall competitiveness in some specific road haulage markets.

In order to carry out this work an *ad hoc* group reporting directly to Deputies would be established, with a view to completing work under the mandate over a period of three years. Experience over the last two years shows that such an *ad hoc* structure is again required as the expertise required to oversee the work is not available in existing ECMT groups.

The Group would meet about 3 times per year for one day each.

2.5 *Transport for People with Mobility Handicaps*

Previous Work Programme (1996-1999)

Six objectives were set out for the Group in the 1996 programme as follows (with the implementation described in italics):

- An examination of where and how legislation can help improve access. Many countries have technical regulations and some have general anti-discrimination or civil rights laws. The balance between different legislative arrangements needs to be discussed and lessons drawn. It is proposed initially to hold a seminar on this theme, drawing also on Northern American experience.

This was done and a report presented to Ministers. It is being updated.

- Accessibility issues will grow in importance as the population ages. There is therefore a need to consider the transport implications of an ageing society. This is slightly more general than the work up to now but would help focus political attention on the issues. A report, possibly based on a seminar, will be drawn up in 1997-1998.

This is underway following the ECMT Round Table of November 1998. Political discussions are being prepared, probably for 2001.

- ECMT plays a vital role in bringing together Government representatives, operators and consumers outside a formal context and this should continue to be a focus of the Group's work. Moreover, the complementary between the work of ECMT and the EU should continue to be an objective.

This was more of a statement about working methods and is a feature of the work.

- Access issues have not been a priority in Central and Eastern European countries. It is important to begin to associate those countries to the work being carried out.

This is being done and several CEE Countries are attending meetings. A review was carried out for Lithuania. The TRANSED World Congress (9th International Conference on Transport and Mobility for Elderly and Disabled People "Towards Safety, Independence and Security") will take place in Poland in 2001.

- Safety and Disability: There are a number of important issues here, from the broad policy ones to the detailed technical ones in relation to wheelchair anchoring and seatbelts. A report on this will be drawn up in 1997.

Some aspects have been treated, including the tactile and audible signals work. Wheelchair anchoring has not been dealt with, as there are still several research studies under way.

- Public transport operators work increasingly in a competitive, deregulated environment. The “market” for transport for people with disabilities is a subject where operators are often sceptical. There is a need for further work to explore the market and commercial possibilities in this area. A report on this topic will be prepared.

Such a report was not prepared though aspects were treated, including fares concessions and the issue forms part of ongoing discussions with the taxi, railway and bus industries.

Additional activities

- A report and resolution on reciprocal recognition of parking were accepted at the Council in 1997.
- A comprehensive Resolution was adopted by Ministers in 1997 which brought together and updated ECMT work on the topic.
- A paper on consultative arrangements between authorities and people with disabilities was presented to Ministers in 1998.
- An Internet site was set up. All resolutions and many reports are now on the site.
- Discussions with the Taxi profession were restarted and a study launched on how the commercial and economic barriers to improving accessibility can be overcome.
- A Guide to Good Practice was prepared and published in 1999.
- A seminar on Access to Buses was held jointly with the UK and the EU. A declaration was adopted.
- A Seminar on the Transport Chain was organised jointly with Sweden. Conclusions and Recommendations have been drawn up.

Review of work and progress

The Group is carrying out or has carried out the tasks it was set in 1996. It has adapted its priorities to give more accent to the transport chain and to follow-up specific areas where progress was slow. Additional activities not set out in the programme were also undertaken. The Group is the main focal point on a pan European level for information exchange on the topic. It works closely with EU and other organisations and with operators. Associated countries have always been involved in the work.

As has been said many times, progress varies across modes and countries. While the principles of good design and access for all are widely accepted, implementation remains a key problem.

Objectives and future tasks

The political objective in ECMT is to ensure that Ministers are aware of and meet the needs of people with mobility handicaps.

The ECMT working group contributes to this by:

- Acting as a forum for exchange of information and experiences on good practice.
- Developing consensus on the appropriate approach to access problems.
- Writing reports and making recommendations to countries, regions and operators to implement good practice.
- Disseminating its findings through publications and Internet to a wide audience.

Tasks for the Period 2000-2002

General Approach

The Group believes strongly that accessibility issues should be in the mainstream of transport policy considerations and not, as is often the case, treated as an additional or secondary consideration. To give further force to this principle, the Group believes that the content of the work should be altered to bring it closer to mainstream issues. In particular, the challenges to policy posed by the ageing of the population should be taken on by the Group, obviously without forgetting the particular issues and problems faced by particular groups of the mobility handicapped. It is important to reinforce this more general message by changing the name of the Group, for example, to “Transport Accessibility for Older and Disabled People”.

One problem with the work to date has been in turning the forward looking policy statements from Ministers into practical action at working level to change policies. Results have varied considerably between countries. The Group will devote greater attention in future to bridging the gap between statements of intent and implementation.

In the same vein, the Group has always worked closely with operators through national and international associations. Some of these links need to be strengthened so that the commitment and the understanding of the practical difficulties of implementation are shared.

Substantial progress has been made to improve individual links in the transport chain. But few countries take an integrated approach to the need to improve all the parts of the transport chain. The Seminar in Gothenburg in September 1999 gave a new focus to this question and it should become a stronger accent of the work in the future.

Progress in CEE Countries remains uneven. The Group will try to continue to strengthen the involvement of ECMT’s new Members in its work making it as practical and relevant as possible.

Specific Tasks

- Identify bottlenecks or blockages in the transport chain and work to eliminate them.
- Complete taxi report with IRU. Draw up recommendations.
- Complete ongoing reports on ageing and incorporate this aspect into the work of the Group.
- Review progress in implementation of access to public transport in a Task Force with UITP.
- Review new information on the size and nature of the “market” for transport for people with mobility handicaps and assess the policy implications.
- Examine the particular problems facing people with learning or cognitive difficulties.

- Regularly update past reports on legislation, consultative arrangements, fare concessions and parking concessions.
- Organise seminar (location possibly Netherlands) on implementation of good practice at regional and local level.
- Review progress in improving pedestrian environment.
- Review methods for evaluating and monitoring progress in improving accessibility.
- Review progress with Associated Member Countries to assess strengths and weaknesses of the different approaches.
- Maintain and develop Internet site so that information can be available to all, including to countries outside ECMT.

Resources and Working Methods

The Group could continue to meet twice a year for 1 or 1½ days each. The Task Force on Taxis will involve 3-4 meetings of one day each with participating countries over the next year. Workshops or seminars will be organised on specific themes. As before Group members are expected to contribute to the development of papers and preparation of agenda items.

2.6 Information Technology

New Technology in Transport

Work undertaken in 1996-1999

A report on progress in implementation of previous ECMT Resolutions (ECMT/CM(98)3) and a policy note on key issues were discussed by Ministers in Copenhagen.

Following the initiative of Secretary Slater of US a report on the Millennium Bug was compiled for the Ministerial Session in Warsaw (ECMT/CM(99)32).

Applications of new technology in particular areas are examined in the appropriate working groups- for example car technology to reduce environmental harm in the environment group or the green lorries in the Road Transport Group.

The work under point 1 above was undertaken in a Group on Road Traffic Information and a subgroup on Road Vehicle Communication. Both Groups have completed their work and have been wound up. The national delegates to the Group are used to provide advice or inputs to the Secretariat on technology issues that arise.

Mandates

Following the Ministerial Session in Copenhagen, four issues were identified for further work:

- **‘Millennium bug’** (completed).
- **Safety of in-car equipment:** it was agreed that the Road Safety Group should take up this issue, paying careful attention to work in EU and UN/ECE.

- **Applications in Central and Eastern European countries:** CEE countries have agreed in principle to adopt the approach in the paper CEMT/CM(98)3 and to adhere to the MoU's agreed in the EU. They have also made a number of requests in this area. First, for a hierarchy of traffic management measures, second, for institutional advice, and third, for examples where IT can be applied. The Secretariat is taking forward some of these. Material on traffic management priorities has been prepared.
- **Sustainable transport and new technology:** it was proposed by the keynote and other speakers that more accent needed to be given to the use of new technology in Public Transport and in providing information about alternative modes. A similar suggestion was made with regard to technology being used to encourage more environmentally friendly choices of mode. The Extended Bureau asked that proposals on follow-up to these activities be made by the Secretariat. It was agreed that, in the first instance, the Secretariat collect and synthesise information on the topics of:
 - Technology in Public Transport
 - Technology for Sustainable Transport
 and report back to Deputies.

Of these four, the first has been completed.

The second is ongoing and the road safety group is to examine it in the near future. There is a problem here as the growth of in-car equipment brings safety risks. It is difficult to react retrospectively (for telephones for example). ECMT ergonomic principles agreed in 1994 have been taken up the European Union, but have been weakened somewhat under pressure from the equipment and vehicle industries. It is therefore important to have a definitive safety view on the equipment that is being installed in cars.

On the third subject, a report on a hierarchy of traffic management measures has been written and is being circulated and discussed. Otherwise the application of new technology in CEE countries is limited by scarce resources. These countries have agreed to adhere to the Mo Us drawn up in the EU.

On the fourth topic it was agreed by Deputies that the Secretariat would collect and synthesise information on Technology in Public Transport and on Technology for Sustainable Development and would report back on them in due course. In this context new information technology has the potential to change fundamentally many aspects of the transportation system. For example, the effects on individual mobility or on freight transport of the development of electronic commerce are not yet known or understood. This aspect would also be treated here.

Resources

This work would be undertaken without a formal Group. A special workshop or Round Table could be organised to bring the main actors together.

2.7 Crime in Transport

Background

The ECMT Council of Ministers in Warsaw in May, 1999 adopted a Resolution on Crime in Transport. The ECMT was asked to:

- set up appropriate methods and structures so that ECMT can contribute to the fight against crime through focussed actions on particular issues, and
- to report back on the progress in implementing these recommendations and those in Resolution No. 97/2 and on any further actions that need to be taken.

The ECMT Secretariat wrote to participants in the 1999 Seminar on crime in transport and to other bodies and people working on the subject for their views on the implementation of the Resolution and to indicate further concrete steps for this. Based on replies to this letter and following a proposal to the Committee of Deputies, it was decided to set up a multidisciplinary Steering Group consisting of representatives from different backgrounds (police, transport Ministries, customs, insurance, industry, etc.) to guide further actions.

General Terms of Reference for the Steering Group

- Make proposals on how ECMT can contribute effectively to implementing the two Resolutions on Crime in Transport.
- Suggest priorities for ECMT work in line with the decisions of Ministers.
- Guide particular projects that are to be undertaken.

Immediate priorities

In line with the recommendations set out in the 1999 Resolution the following priorities are being set:

- To examine how anti-theft devices and communication systems including those which allow vehicles and wagons to be tracked and monitored in real-time can be introduced.
- To undertake work to obtain and make available comparable information on transport crime, focussing on:
 - Theft of vehicles and goods (for ECMT, it is mainly goods vehicles that are of interest).
 - Attacks on drivers.
 - Data on fraud in transit system.
 - Others.

Initially, work would focus on the first two of the topics.

- To update the IRU/ECMT handbook on parking provisions, improving it where possible by the addition of information on the highest-risk locations, on the levels of security and services available, introducing a “star” classification system.
- In addition to these areas identified in 1999 Resolution, the Steering Group should undertake work on the problem of re-registration of stolen vehicles.

Working methods

The Steering Group members will serve in a personal capacity. The work of the Group will be as informal and flexible as possible and be undertaken mainly via e-mail and fax. If/when necessary, the Group can meet in Paris.

The Steering Group should report formally to the ECMT Committee of Deputies, but its reports and work should be made widely available.

2.8 Combined Transport

Work Under Previous Work Programme

A publication in 1998 on combined transport in Europe set out an inventory of the policies to develop Combined Transport in 30 European Countries and led to a number of recommendations to improve the weaknesses identified.

An expert Group, involving Member countries and the Secretariats of the three international organisations concerned, (UN/ECE, EU and ECMT) has been working to update and complete the work on terminology in combined transport, already published and available since 1995 in English, French and German. This task should be completed by the end of 2000, with the addition of a version in the Russian language.

Work on short sea shipping progressed more slowly than was originally hoped. However, a report and a resolution on the topic will be available in the present year.

Future Work and Priorities

From the suggestions for future work by the delegations, it emerges clearly that the Consolidated Resolution adopted in Annecy in 1994 remains highly relevant especially in regard to the implementation of these recommendations. A regular inventory of national measures to promote Combined Transport is therefore a necessary support to follow the implementation of the Annecy and Vienna resolutions. In particular, the ongoing reform of railways in Europe induces changes of a different nature which, even if causing some problems, give also opportunities for a faster development of combined transport. These effects should therefore be studied in the frame of the conclusions to be presented in Prague in May 2000 with a view to overcome the identified obstacles.

Along the same lines, an inventory of present weaknesses and identified bottlenecks in the combined transport system in Europe would be a valuable aid to identifying priorities for action. This work should be undertaken in co-operation with all ECMT Member countries and other relevant

international Bodies. This point was also outlined during the General Hearing of International, Governmental and Professional Organisations which was held on 29th February 2000.

The competitive situation of combined transport is important. On the basis of an analysis of costs and prices on specific routes, recommendations could be drawn up on how combined transport can reduce its costs compared to other modes. The work to be undertaken by OECD in this field should address this question in priority. To increase the awareness amongst shippers of the advantages of combined transport, these recommendations should consequently be made available to them.

Given the present and forecasted traffic increases between Eastern and Western Europe, the Group on Combined Transport could consider to what extent and under what conditions Combined Transport could play a significant role in dealing with these additional traffic flows.

In addition the technological developments, regularly presented in the context of the work of UN/ECE, can be a subject of political interest. These developments and any implications for intervention by Government could be presented.

In 1996, the work programme suggested a reduction in intensity of the activities of the Group on Combined Transport and also proposed that it should use restricted task forces to carry out its work. Both of these have been done. This has allowed complex subjects like terminology and short sea shipping to be treated efficiently by the group. This approach should be maintained even if the intermodal perspective gives a new dimension to the work of the Group and requires it to extend its field of study and work even more intensively with the other concerned organisations (EU, UN/ECE, OECD).

2.9 Road Transport

Work completed and in progress

The tasks given to the Group on Road Transport in 1996 [CEMT/CM(96)12, Part II, 3.1] were implemented between 1997 and 1999. In particular, there has been a substantial development of ECMT's multilateral quota. In 1997, 9,188 licences were distributed. At the start of 2000, this figure has increased to more than 18,000 licences distributed in 38 Member countries.

Proposed items for the three year programme of work

Mandates from Ministers in Warsaw were examined by Deputies and the working Group and are as follows.

Multilateral quota

- Continue to run the quota system on a day-to day basis in an efficient way. In this context the Guide for Government Officials and Carriers on the Use of the Multilateral Quota System will be updated and improved. This work will be carried out in a special sub Group whose mandate will also include the problems of enforcement and penalties, in coordination with the main Group.

- Progress achieved in technical, social and fiscal harmonisation will be continuously assessed (See below for details). A link will be made between future increases in the quota and progress in at least one of these three areas.
- An overview will be prepared on the *economic importance of the ECMT multilateral quota system* and its possible development.

Harmonisation Issues

Technical

The sub Group, set up to improve the Guide for Government Officials and Carriers on the use of the ECMT multilateral quota, will deal with the practical problems in applying the provisions set out in the Guide in ECMT countries.

The sub Group will take into account EU Directives as adopted in EU Member countries in December 1999, as soon as they are published, and extend their provisions to all ECMT Member countries. This concerns, in particular, EURO3 and EURO4 standards.

Social questions

The Group, taking into consideration the Mandate presented in Warsaw, gives top priority to harmonisation in this field. One question is whether ECMT can draw up some broad principles in this area as a basis for future harmonisation. The Council of Ministers in Prague in May 2000 should provide some orientation for the work, the implementation of which will be an important part of the Group's programme.

Fiscal questions

Before setting up a link between the quota and fiscal harmonisation, the mandate presented in Warsaw asks that the "Committee of Deputies examine how the principle of non-discrimination can be applied to taxes and fiscal charges in international road haulage, based on either nationality or territoriality".

ECMT work to compare taxation of the different modes is continuing in a special ad hoc group (Financial and Fiscal Aspects of Transport). On the basis of the conclusions presented to the Ministers in May 2000, the Group on Road Transport should undertake further studies on a possible link between taxation and quota.

It is also foreseen to compile a list, in a standardised way, of fiscal charges applied to international road haulage.

Other topics

- Enforcement: In general, the Group will pay special attention in all its work to the problems of *enforcement and penalties* in international road freight haulage. In particular, the list of

Organisations responsible for the regulation and control of road transport will be updated regularly.

- Regulatory Reform: a study on *regulatory reform in the road freight sector* in ECMT/OECD countries is underway. This will take a broader, more long term view of the sector.
- Work will be done in co-ordination with other groups - such as with the task Force on *crime in transport*. This will include the updating and improvement of the IRU/ECMT publication on *Truck Parking Areas* in Europe.
- The Group will also pay careful attention to the developments of the INTERBUS agreement, between EU countries and Eastern and Central European countries. These could lead to further work in the field of *Passenger transport* and as far as the principles contained in the Resolution adopted in 1995 are concerned.

Meetings

The Group meets for 1½ days four or five times a year. It is often invited to meet abroad, particularly in new Member countries.

2.10 Road Safety

Introduction

It is not a source of pride to admit that in the 39 Member countries more than 2 million people are injured and 100 thousand killed in road accidents annually. The situation in transition countries is extremely worrying since the most recent figures again show accidents and victims are increasing.

Ministers of Transport have a key role. For over 30 years they have agreed policy approaches and measures in many road safety areas. Over thirty formal ECMT decisions in road safety provide a solid basis for progress; these cover numerous facets of improvement and if fully implemented could contribute significantly to reductions in the tragic toll. If all ECMT Member Countries had the accident rate of Sweden or Norway over 50 000 less lives would be lost annually.

Previous work programme

The Group on Road Safety completed the tasks in the programme of work adopted by the Ministers in 1996 [CEMT/CM(96)12, Part II, 3.3]. A publication on Speed Moderation, which takes up the decisions made by Ministers in 1996 on this subject, has enabled certain Member countries to implement more easily national provisions in this area. A seminar was organised in Warsaw in 1997 on strategies for communication and road safety. The outcome was a specific publication as well as recommendations adopted by Ministers in 1998.

Finally, a three-part study on the theme of vulnerable road users (cyclists, pedestrians, moped riders and motorcyclists) was carried out for the three year period under review and will be published as ECMT's contribution to the Third Road Safety Week in the UN/ECE region, scheduled to be held early May 2000 by UN/ECE, on the precise theme of vulnerable users.

Future work programme

Given the catastrophic data, many delegations have asked for « Road safety » to be a priority topic in ECMT's future work. How this can best be done needs some preparation and discussion, first at Deputies level. It is therefore proposed that the Secretariat prepare a note for Deputies on the possible ways to give more urgency and immediacy to the topic and to prepare Ministerial actions. This note was prepared in autumn 2000 [CEMT/CS(2000)36].

In terms of the programme

The Group began in autumn 1998 to consider its future activities. Proposals made by various Delegations were gathered together, and the Group began work in 1999 on three topics:

- Ageing of population: *deadline 2001* ; co-ordination with RTR work on this topic is ensured through the Secretariat and the Swiss Delegation.
- Safety on rural roads *deadline 2001 or 2002*, from the Report published by OECD/RTR.
- Quality of Transport Safety Policies - under this broad theme, the work will bring together research on cost-effective road safety policies, but will also incorporate new ideas (like the Swedish vision zero) in order to take a strategic view of how safety can be improved; this concerns public transport as well as private transport and contributes to the examination of how to reconcile a safe and efficient transport policy for all users?
- Two deadlines : Spring 2002 Seminar (CZ).
- Report and draft Resolution for the Council of Ministers in 2003.

Drafting groups were set up on these three topics during the autumn 1999 session of the Group.

It should be noted that the third topic differs somewhat from the usual work carried out by the Group. It requires bringing together many of the ideas developed in the past and meshing them into a policy framework which countries can draw from. It is ambitious and will need to build on the work undertaken in various bodies (EU-Phare, WB-GRSP (World Bank-Global Road Safety Project), UN/ECE-WP1, RTR) so that different ways in which this problem is approached, and priorities set, can all be considered.

A number of other topics will be examined by the group, in particular those which were proposed during the General Hearing of International, Governmental and Professional Organisations held on 29th February 2000, such as school transport or the use of mobile phones in vehicles, a theme which could be linked to the more general one of safety of in-car equipment.

Statistics on Road Accidents

There are several international organisations collecting or supporting data collection on accidents. A review of ECMT's role here will be undertaken by the Group.

Safety of In-car equipment

The former Group on Road Traffic Signs and Signals had discussed the issue of the safety of mobile phones and the Road Safety Group will return to the topic if the work in UN/ECE is completed. More generally, the ergonomic principles developed by ECMT in 1994 on the safety of other in-car equipment have been taken up by the European Commission and a new set of principles produced. The Group will examine these and other developments on the topic and see whether any further steps need to be proposed.

Meetings

The Group meets for 1½ days twice a year.

2.11 Road Traffic Signs and Signals

The activities of ECMT in this domain came to an end in 1996 in accordance with a decision made by Ministers in Budapest to transfer files with a more judicial than operational nature to UN/ECE.

By autumn 1996, the UN/ECE WP1 (Working Group on Road Safety) had received all outstanding files, as well as some matters dealt with previously by ECMT and which included proposals for amendments to the Road Traffic and Signs and Signals Conventions.

In 1997 the file on cyclists was added, including its annex, which also contained proposals for amendments to the Conventions mentioned above. The file on pedestrians was added, for the same reasons, in 1998.

The UN/ECE Group responsible for these matters decided to deal with first (i.e. in 1997) the file on cyclists. This file will result in amendments to the Vienna Convention on Road Traffic. The other files being dealt with by WP1 are expected to result in amendments to consolidated resolution RE1.

The role of ECMT on this subject is to bring any political issues that arise in this work to the attention of Ministers.

2.12 Railways

Conclusions on work to date on railways in Council and in the Extended Bureau

Rail policy was last discussed at length in Council at the 1998 Ministerial in Copenhagen. The discussion highlighted a number of points:

- The very large number of reform measures under way across the whole of ECMT.
- The opportunities in freight, as illustrated by the experience in UK.
- The differences in view on opening markets to new operators.
- The different situation in associated countries (Canada with a successful freight railway and Japan where privatisation has now a decade of experience behind it).

In concluding, Minister MIKKELSEN (Denmark) confirmed that reform of railways needed to remain a priority on the ECMT agenda.

The Extended Bureau, after discussion, suggested how the Group on railways might take forward the work. The importance of avoiding duplication and of achieving synergy with EU work was emphasised; it was also agreed that the work should now focus on some more practical aspects.

Specifically, it was proposed that the Group should:

- Take up the findings of the recent ECMT Round Table on access charges.
- Explore the possibilities of introducing rail ‘freight freeways’ in an ECMT context.
- Examine the appropriate pace of liberalisation in the different countries, following a proposal by the Hungarian Delegation.
- Examine the possibilities for Europe-Asia rail traffic, using in the first instance the findings from the Antalya seminar.
- Study whether existing ECMT resolutions needed to be updated.
- Discuss innovative ideas (on which there was no guidance) for taking forward railway reform.

Work completed and in progress

The first point (and to some extent the last point) have been taken up and currently figure in the development of the report on Regulatory Reform in Rail Freight Transport [CEMT/CS/CF(98)2REV1].

Examination of the need to update ECMT Resolutions can only take place after completion of the regulatory reform report and adoption of the current round of proposals in the European Commission (Trans-European Rail Freight Network, infrastructure package, draft interoperability directive).

The possibilities of introducing rail ‘freight freeways’ in an ECMT context has been taken up by the European Commission under its Phare Multi-Country Transport Programme, with a report *Trans-European Rail Freight Freeways to CEECs* nearing completion by consultants Ove Arup Partners. ECMT has been an observer to the Steering Group for this project. When the report is completed at the end of the year, its recommendations should be examined with a view to taking some of them forward through the ECMT. Development of the EU Trans-European Rail Freight Network proposal, discussed by the EU Council in December 1999, will clearly have an important bearing on the future of this work.

Hungary, together with other countries in Central and Eastern Europe, has formulated a proposal on examining the appropriate pace of liberalisation, to be tabled with the current document.

A paper examining the possibilities for Europe-Asia rail traffic was prepared for Council and discussed at the Ministerial Session in Warsaw in 1999 [CEMT/CM(99)10FINAL].

Work on improving border crossings was taken over from the Integration Group in 1998/99 and completed with the tabling at the Warsaw Council of a Resolution [CEMT/CM(99)3FINAL] and a report on Removal of Obstacles at Border Crossing for International Rail Goods Transport [CEMT/CM(99)8FINAL]. The Resolution has been distributed widely by the Secretariat. Countries should also distribute it internally to the different bodies involved, including their customs authorities. The subject will be returned to in Council in a few years. The Enlarged Bureau discussed follow up,

agreeing that for the report on rail border crossings, a number of the issues raised should be examined by the Railway Group for possible more in-depth discussion. This concerns, in particular, the role of the public authorities in relation to certain technical standards. Many countries believe this is a matter for the railway companies themselves but the Commission and some countries think that more involvement of government is needed. The Extended Bureau felt that the Group on Railways should look at this question to see what the possibilities are. In relation to the targets for improvements in the performance at borders, the Group might monitor the targets set for border crossing times.

Proposed items for the three year programme of work

Progress in the work outlined above and discussion in the Railway Group meeting of 3 December 1999 suggests that the following items be included in the work programme for the Group over the next three-year period.

1. Work on *regulatory reform* in railways.

Work under this general heading will naturally be at the core of ECMT work on railways as the reform of railways in Member countries unfolds. Specific areas of current priority are:

- Infrastructure pricing, building further on the work of Round Table 107 User charges for railway infrastructure, and the conclusions of ECMT work on fiscal and financial aspects of transport (reported in document CEMT/CS/CF(98)2/REV1). Competition for slots and efficient levels of cost coverage are the two most important issues.
- Access to rail infrastructure, especially in central and eastern Europe, possibly taking up conclusions from the Phare project Trans-European Rail Freight Freeways to CEECs in coordination with the EC.
- A Hungarian, Czech and Polish proposal on the appropriate pace of liberalisation. Many aspects of this question will be dealt with in the context of negotiations over accession to the EU and will not therefore be taken up in the ECMT. However, as the proposal concludes, updating the ECMT report Rail Restructuring in Europe would be a useful exercise.
- Mergers, acquisitions and alliances in rail operations and issues of market concentration will pose new regulatory challenges in Europe. These issues should be examined in the context of increasing the efficiency of market structures at the continent-wide scale.
- Reducing the costs of rail services - examining experience in restructuring, concessions and franchising in passenger services and contracting out non-core services across the industry.

2. Resolutions

As and when draft EU Directives on Infrastructure, Interoperability and the Trans-European Rail Freight Network are adopted, possible extension to ECMT Member countries through Resolutions will be examined.

3. Interoperability and border crossings

- The divergence of views on the role of public authorities in setting technical standards related to interoperability revealed during preparation of the report on border crossings for rail goods transport suggests more detailed work be undertaken on this subject. Guidelines for the relationship with work in the EC connected to its forthcoming draft directive on rail interoperability will have to be established by the Group.
- Monitoring of progress in improving border crossing times is required under resolution [CEMT/CM(99)3FINAL]. The group should examine, together with the Group on Integration, how best to do this using meaningful indicators. Existing UN/ECE monitoring efforts should provide a basis for the work.

4. Improving the accountability and commercial freedom of rail companies

A report on the competitiveness of CEEC railways under the EU Phare Multi-Country Programme is nearing completion. ECMT serves as an observer on the Steering Committee of the project. It provides some quite practical guidance on promoting the commercial accountability and management freedom advocated for railways in the 1998 ECMT report Rail Restructuring in Europe. ECMT should assist with dissemination of the results of the work, when completed. Progress in implementation could also be monitored and specific recommendations taken up for further work should this appear warranted after consultation with the EC.

5. Private public partnerships and investment

In relation to recent ECMT work on private public partnerships, a short survey of recent and planned investments in rail infrastructure and experience with private rail concessions with a view to drawing conclusions on the conditions required for successful partnerships could be considered. This item is also of interest to the Integration Group.

6. Other Items

ECMT will collaborate with the International Rail Congress Association in organising the World Congress of Railways to be held in Vienna in September 2001 (see section 4.1(b)).

Resources

The Railway Group will have to set priorities among these items, taking account of the conclusions of the debate on railway reform at the Prague Council in May 2000.

The Railway Group proposes to continue to meet 2-3 times per year for 1-1½ days each, depending on Council requirements.

2.13 Inland Waterways

Several countries have requested that ECMT should take up again the issue of inland waterways - which has not been dealt with for several years. Waterways are an integral part of ECMT's mandate and, with the expansion of membership to include in the ECMT territory all the Danube basin, as well as the extensive Russian waterways, allied to the strong policy wish to optimise the use of waterways across the continent, it seems appropriate to deal with the subject. Deputies have already agreed to this and the issue revolves around the specific topics to be dealt with and the best structures to use.

In terms of structures, neither the Group on Environment or the Combined Transport Group would have the expertise to treat the topic, and the best choice might be to set up a special working group or task force to deal with this work.

Before doing this it is worth noting that there is a substantial body of existing work or work under way in the Danube and Rhine Commissions as well as in the UN/ECE and the EC. The recent ECMT Round Table publication is also relevant. The first stage therefore might be to bring this work together, with the help of the organisations concerned, and make a synthesis of the main political and practical issues as a basis deciding on the appropriate structures and eventually preparing a Ministerial discussion.

3. RESEARCH AND MARKET MONITORING ACTIVITIES

3.1 Economic Research

a) Implementation of the previous programme

The previous programme provided for fifteen Round Tables and one Symposium. In addition, it called for greater flexibility to be shown towards the choice of topics in order to take account of the needs of the policy sector and to accommodate newly emerging topics.

A number of the topics originally chosen for Round Tables under the programme of work were ultimately abandoned, one of which was "Network effects and transport". Although this topic was of great scientific interest, it proved impossible to find rapporteurs capable of discussing it in practical terms from a policy standpoint. The topic "Coping with tourist traffic" was dealt with at the "Transport and Leisure" Round Table. The "Intermodal freight transport terminals" topic was felt to have been defined too narrowly and will therefore be included in a broader approach in the Round Table on "New prospects in intermodal transport and new technologies in rail-road combined transport technologies" planned under the new programme of work. The topic "Economic consequences of introducing tolls on intercity transport infrastructure" will be covered by Round Table 118 at the end of November 2000. This Round Table had had to be postponed until the research projects undertaken by various institutes, notably the EURO TOLL project, had been completed. The topic "Productivity, management and costs of railway undertakings" was not dealt with because it was felt to be premature -- railway privatisations were still too recent to be able to provide experience for discussion and there also were problems over data confidentiality -- but it is proposed that this topic be reinstated in the new research programme for consideration at some point in the future.

Although a number of topics were discarded, it should be noted that others were in fact added to the programme in response to requests from the Policy Division. This was the case of "The spread of

road congestion in Europe”, which was discussed at Round Table 110 and was subsequently the subject of a publication. “Transport and ageing of the population” was also an issue discussed in response to concerns expressed by the policy sector of the Conference and also to fit in with OECD activities in this area. A further two Round Table topics were added, namely “Road freight transport for own account in Europe” and “Transport of waste products”, two original topics on which the ECMT Secretariat was the first, of any other comparable institution, to organise Round Tables. In addition to these activities, the Conference also organised a Seminar entitled “Transport economics research and policymaking”, which drew attention to the importance of organising research in Member countries in a way that optimises the contribution that transport economics makes to policy-making. This is a crucially important issue for new Member countries.

Lastly, to complete this overview, the fourteenth ECMT Symposium was held in Innsbruck in October 1997 on the topic “Which changes for transport in the next century?”

b) New programme of work

The direction to be given to research activities is decided by the Economic Research Committee which meets twice a year. The Committee has decided that the fifteenth international Symposium on theory and practice in transport economics would be held in Spring 2000 in Thessaloniki (Greece) on the topic “Key questions for transport beyond the year 2000”. This Symposium, which will be organised in collaboration with the Aristotle University of Thessaloniki, will be divided into three sessions addressing the following topics:

1. Scenarios, forecasts, data collection: Experience and prospects.
2. Transforming economic and institutional structures and technological trends: Experience and prospects.
3. Peripherality and pan-European integration: Experience and prospects.

The Symposium will close with a final Round Table on the subject “Efficiency, equity and the environment in transport”: Experience and prospects.”

The programme of Round Tables for the next three years proposes to address the following topics:

- Economic assessment of road traffic safety measures (Round Table 117, October 2000).
- Economic objectives of introducing tolls on intercity road transport infrastructure (Round Table 118, November 2000).
- Transport and economic development (Round Table 119, Spring 2001).

It has already been formally decided to organise Round Tables to address the above issues. As in the past, Round Tables will be organised according to scientific work developed on the subject worldwide, and the rapporteurs will be chosen in consequence. Particular account will be taken of studies which have been or are being undertaken in other international organisations such as the European Union, the UN/ECE or OECD.

However, the programme also includes other topics which the Secretariat is examining to see whether they would make suitable subjects for a Round Table:

- E-commerce and transport.
- Transport and exceptional public events.
- Regional passenger transport.
- Productivity and management of railway undertakings.
- What role for railways in the East?
- High-speed rail and air transport: substitution/complementarity.
- New prospects in intermodal transport and new technologies in rail-road combined transport technologies.
- Transport statistics: needs, deficiencies and solutions.
- Vandalism and safety in public passenger transport.

It has already been decided that further topics will be added to this programme by the Economic Research Committee in the light of the outcome of the Thessaloniki Symposium and the replies received from Member countries and the main research bodies to a survey to be launched in early 2000. It is clearly possible that changes may be made to this programme in response to political developments and to requests made by other working bodies within the Conference. Account must also be taken of whether or not it will be possible to find researchers who have worked on the topics covered by the programme. Finally, the initiatives which could be taken to better co-ordinate ECMT's research activities and those of the OECD's RTR programme are also likely to modify this programme, not only in the choice of subjects, but also in the means of approaching them.

Furthermore, the AICCF/UIC, working in association with the ECMT, is organising a World Rail Congress to be held in Vienna (Austria) from 25 to 28 September 2001. The general topic of this congress will be "Transport Policy and Rail Strategies". The ECMT will be in charge of preparing the first session on "Transport policy: government policy and the response of rail". The Economic Research Division will help to organise this session by providing technical assistance for the Group on Railways, which is closely involved in this event that should provide an interesting face-to-face between policy-makers and railway operators. It is planned to organise a session of the Committee of Deputies to be held alongside the congress in Vienna.

During the period 2000-2002, the Economic Research Division could, in conformity with the objectives determined in 1995 by the Economic Research Committee, reinstate the Regional Round Tables which, some twenty years ago, proved to be of great assistance to countries. This type of event provides, first of all, an opportunity to apply the general lessons learned from Round Tables organised previously under the auspices of the ECMT to the specific problems faced by certain regions. Such events make it easier, at the same time, to establish a common language that can be understood by all transport economists. They provide an undeniably formative framework by offering the possibility of exchanges of viewpoint between some recognised European experts on the one hand and, on the other hand, transport specialists from one or several countries with common concerns. The organisation of such meetings requires very few logistical resources. While the Economic Research Division is ready to give every assistance with the holding of Regional Round Tables, the latter must of course be organised in the first instance by the countries concerned.

3.2 *Market Monitoring*

A number of topics have been grouped together under this heading, notably statistics, monitoring of the economic climate in the sector, investment and traffic trends and infrastructure requirements. These activities provide the basis for a large part of the policy work of the ECMT, in particular by providing factual and scientific information.

3.2.1 *Statistics*

a) Implementation of the previous programme

The statistical activities of the ECMT primarily consist in collecting data and publishing three reports, namely the brochure on Transport Trends in ECMT Countries, Statistical Trends in Transport and the Statistical Report on Road Accidents. The accession of new member countries has increased the workload of the Secretariat in the field of statistics and some publications have therefore been issued late. The programme of work provided for these delays to be caught up by publishing reports on several years at the same time.

Data relating to the brochure on Transport Trends were collected and published as planned under the previous programme. The 1997 data were available by the beginning of 1999, the 1998 data have been collected and the results should be published in the spring of 2000.

With regard to the Statistical Trends in Transport publication, the data for 1991 and 1992 were published in 1997, and those relating to 1993 and 1994 in 1998. The ECMT has also begun work on developing a computer program to collect, process and publish data relating to the report that are collected by means of the Common Questionnaire developed and used by Eurostat, UN/ECE and the ECMT. However, the development of an electronically-based common questionnaire ran into problems over the co-ordination of the work of the three organisations, leading to delays in the development of the software. It has therefore been decided to collect data for 1995 and 1996 on a paper support. Since these problems have now been largely overcome, data for 1997 were collected in May 1999 in electronic format. Unfortunately, due to staffing problems, both the planned publications and the processing of the data collected for 1997 have again been subject to delays.

In the case of the Statistical report on Road Accidents, the 1993 and 1994 data were published in 1998, while the 1995 and 1996 data, as well as those for 1997, have been collected but not yet published for the reasons given above. It has nonetheless been possible to collect data for 1998.

b) New programme of work

The changeover to the year 2000 required a number of changes to be made to the software applications used to develop various databases. For this reason it was decided to update the computer programs for the brochure on Trends in Transport and the Statistical Report on Road Accidents.

More development work is essential for the brochure because the program is not Y2K-compliant. The new program will allow questionnaires to be sent out and processed automatically and will also manage the formatting of the publication. This new development will simplify processing operations and will accelerate the publishing process to ensure that it is issued before any of the other comparable studies. Furthermore, the purely statistical elements, which appear from the preliminary processing of

figures, have, for the last two years, been available as from the autumn on the ECMT's Internet site. These advance indicators could provide the basis at that time for a small, specialised publication, without a commentary, containing the main statistics together with particularly revealing graphics showing trends arising in the preceding year. Such a publication would help to better disseminate this information.

It has been possible to make a number of technical changes to the program for the Statistical Report on Road Accidents in order to make it Y2K-compliant. The data for 1995-1996 are ready for publication, the processing of data from the 1997 questionnaires is almost completed and the questionnaires for the collection of data for 1998 have been sent out. This will make it possible to issue two publications (1995-1996 and 1997-1998) in early 2000. However, a new application will undoubtedly be developed in the course of 2000 to optimise processing and distribution operations and also to modify the format and contents of the questionnaire in order to make it more efficient. Data relating to 1999 and 2000 should be published in 2001 and 2002.

The application development work for the Statistical Trends in Transport publication has been completed, but a number of problems still remain over the co-ordination of the electronic version of the Common Questionnaire at the level of the three organisations concerned (Eurostat, UN/ECE and the ECMT). The publication containing the 1995-1996 data should be issued in early 2000; the 1997 data will be collated and published in June of the same year. The collection of 1998 data will start as soon as the 1997 data have been validated, that is to say around spring 2000. This publication should be followed in subsequent years by new surveys regarding the years 1999 and 2000.

In view of the cumulative delays and progress that has been made in implementing remedial actions, all ECMT statistical publications should be brought up-to-date in the course of 2000 and not in 1999 as planned under the previous programme.

3.2.2 *Economic Situation in the Transport Sector*

a) Implementation of the previous programme

Given that the Council of Ministers had asked the ECMT to continue the work it had begun on analysing the transport market, it has been decided to issue a regular report on the economic climate in the inland transport sector. A questionnaire has been designed with a view to collecting the data needed to draw up such a report for submission to Ministers. The results of the first survey were examined at a meeting of the Group of Statisticians and it has been decided to continue this exercise on a quarterly basis and to publish the results on the ECMT Internet site.

Further to the two collection exercises carried out in 1998, the Group of Statisticians issued a number of proposed improvements. These proposals nonetheless require the use of a powerful, fast and sophisticated questionnaire management application that is incompatible with the model questionnaire originally proposed. It will therefore be necessary to develop a new software application.

b) New programme of work

Work will start on developing a new software application in early 2000 to enable questionnaires to be sent out and the results published on the Internet every quarter. Member countries have

expressed great interest in this project, which will have to be reliable, fast and capable of diffusing results swiftly. However, the Secretariat's current workload is so high that it cannot give priority to the development of this software application. The next survey is not planned to begin until February 2000 and will be followed by a meeting of the Group of Statisticians in order to draw the main conclusions. This activity should gradually come up to speed during the period covered by the new work programme.

3.2.3 *Investment in the Transport Sector*

a) Implementation of the previous programme

The ECMT publications on investment in transport infrastructure provide virtually the only international source of comparative information on the subject.

Following the two publications "Investment in Transport Infrastructure in ECMT countries 1975-1984" and "Investment in Transport Infrastructure in the 1980s", and in conformity with the mandate of the Council of Ministers, whereby they wish to be regularly informed of new trends in the field of investment, the previous programme provided for a new survey to be carried out to collect data on trends in investment over the period 1985-1995. This survey has been carried out and the results were examined by Working Group on Transport Investment. This review led to a report which was presented to the Council of Ministers at its session in Copenhagen in May 1988 and was published in 1999 under the title "Investment in Transport Infrastructure: 1985-1995".

b) New programme of work

In response to the request made by the Council of Ministers in 1987 for this work to be updated at regular five-yearly intervals in order to provide an up-to-date overview of the situation, it is planned to update the work as part of the new programme of work to cover the period 1990-2000.

However, as many countries have expressed the wish to be able to permanently access the most recent statistics on transport infrastructure expenditure, the Committee of Deputies considered it appropriate from now on to collect statistics on investment in transport infrastructure on a yearly rather than a five-yearly basis in order to create a permanent, regularly updated data base. In this connection, a specific computer programme would be necessary but this should not pose any particular technical problems.

With a view to rationalising the work structure and avoiding too many meetings, it is proposed that the Group of Statisticians and the Group on Trends in International Traffic undertake the work corresponding to the Council of Ministers' mandate. In the past, this work has been entrusted to a Working Group entitled "Group on Investment in the Transport Sector" which, to perform this task, held on average four meetings during each five-year period. The first task incumbent on the Group of Statisticians will be to launch a new questionnaire, to specify definitions for data collection to enable their comparison and to define the area covered by the statistical survey (public investment only or investments as a whole). The data collected will regularly be used as a basis for a summary report describing the main trends observed regarding investment and maintenance of transport infrastructure. This document, for the attention of the Council of Ministers, will be prepared under the auspices of the Group on Trends in International Traffic, which will take over the tasks previously attributed to the Group on Investment.

3.2.4 *Trends in International Traffic and Infrastructure Needs*

a) Implementation of the previous programme

In accordance with the objectives set under the previous programme of work of the Conference, the Group on Trends in International Traffic and Infrastructure Requirements has updated the reports on the situation in different countries. The document it drafted on the basis of contributions from different countries is designed to provide a basis on which to compare the situation with regard to inland transport infrastructure in all ECMT Member countries. It was presented to the Council of Ministers in 1997, together with policy conclusions, which provided input to the debate on infrastructure that took place in Helsinki at the Third Pan-European Conference on Transport. The report submitted to the Council of Ministers was subsequently issued in 1998 as a publication entitled “Transport Infrastructure in ECMT Member countries: Overview and prospects (monographs)”, which included a series of network maps attached as annexes.

In view of the work currently being conducted by the European Union and the UN/ECE, the Working Group decided to delay making a start on the work it had planned to undertake on the monitoring of traffic flows, the harmonisation of traffic forecasts and major infrastructure projects. Since the European Union and the UN/ECE have made significant progress on their respective studies, it has been decided to reinstate this topic in the new programme of work, in particular as part of the follow-up to the Helsinki Declaration which explicitly awarded a mandate to this effect to the ECMT in co-operation with the other competent international bodies.

The Working Group on Trends in International Traffic and Infrastructure Requirements, on the other hand, has not followed up on the proposal set out in the previous programme to undertake work on transport infrastructure planning procedures. This choice was dictated by concern over duplication with activities conducted in this area by the European Union and the UN/ECE and therefore complies with the desire to streamline activities expressed by Ministers in the previous programme.

b) New programme of work

The publication in 1998 of monographs concerning the profiles and prospects of transport Infrastructure in EMCT countries seemed to bring the work of the Group on Trends in International Traffic to an end.

The enlarged Europe that ECMT now represents -- its 39 Members cover the continent from the Atlantic to the Caspian and beyond -- is starting to feel the transport consequences of globalisation of trade. These include the reopening of older trade routes and the birth of totally new interregional connections. These flows are still poorly understood and little studied. Regional traffic flow analysis in an international context, between neighbouring countries, for instance in the Baltic Sea, the Black Sea or the Balkans, and an updating of information on national infrastructure plans should lead to a better assessment of these events and throw some light on present developments in the context of likely future flows.

These considerations led the Secretariat, with the agreement of the Chairman of the Group, and also in the context of a follow-up of the implementation of the decisions taken in Helsinki on Pan European transport corridors, to propose to reactivate the Group on International Traffic Trends and Infrastructure Investments (TTI Group), on the three following topics:

1. Survey of intra-regional trade and traffic flows, and analysis of their policy consequences.
2. Update of national investment plans, as a follow-up to the monographs.
3. Update of traffic forecasts and national scenarios in use, with a view to pointing out areas of convergence and discrepancies, and analysing the policy consequences.

In response to the third part of this mandate, it was decided in 1999:

- a) To implement the third topic of the mandate given to the Group by the Committee of Deputies [CEMT/CS(98)24]: “Update of traffic forecasts and national scenarios in use, with a view to pointing out areas of convergence and discrepancies, and analysing the policy consequences”, it was agreed that:
 - b) That the Secretariat of the European Union would provide the ECMT and delegates with:
 - The so-called “2020 scenarios” regarding TENs for the European Union countries.
 - The reference scenarios prepared in the TINA group for countries applying to join the EU.
 - c) That the ECMT Secretariat, in order to “give special attention to ECMT Member countries not involved in the integration processes of the European Union”, would send a letter to those countries asking them to provide information about any work being done on scenarios or under consideration at national level; the EU countries or the TINA countries that are developing national scenarios are also invited to send the Secretariat any relevant literature.

A comparison between the reference scenarios developed by the EU, the non-EU countries that have not applied to join the European Union (countries for which the ECMT’s role is essential) as well as by other international bodies, will be the basis for the documents that will be presented subsequently to Ministers.

In the context of the follow-up of the implementation of the Helsinki decisions (for which the ECMT received a formal mandate) concerning pan-European transport corridors, the recent geopolitical developments in the Balkan region, the changes taking place in the Mediterranean Basin and the new conditions of Alpine crossings all provide matter for a discussion at Ministerial level. An assessment needs to be made of these various developments but one of the difficulties is to ascertain all the work that is available concerning them in the national, regional and international bodies concerned.

Whether it be for the first or second item, a Ministerial discussion could be envisaged for 2001, within the framework of the follow-up to Helsinki. This discussion would be based on the validated conclusions of the TINA group, the survey of ECMT countries that are not applying to join the European Union, and the various reference scenarios.

Meetings

The Group has been temporarily inactive since October 1998. There was one meeting on 26 October 1999, and from now on is scheduled to meet twice a year.

With the aim of lending a greater coherence to the work developed by the ECMT in the study of both trends in international traffic and in investment in transport infrastructure, and taking account of the obvious complementarity of the two fields, it is proposed to merge the Group on Trends in International Traffic with the Group on Investment.

3.3 Documentation

a) Implementation of the previous programme

The documentation centre, as in 1996, was again restructured and again suffered staff cut-backs. As a result, it was decided to give priority to meeting the immediate needs of the Secretariat, namely input to the Transdoc bibliographic database, the Press Review, and continued work on the Internet site.

- Transdoc database

A survey of trends in the international co-operation in transport documentation in almost all the participating countries was carried out in May 1997. It showed that staff reductions and budget cuts were forcing national centres to give priority to purely internal tasks. In May 1997, the UIC Documentation Group decided to end the common input to the database. 1998 confirmed the trend noted in previous years, namely a sharp reduction in the number of inputs to the Transdoc base. Once informed of this, the Economic Research Committee decided to close down the ICTED network on 31 December 1998.

However, every quarter it has regularly updated the data in the Transdoc database that are reproduced on the CD-ROM published by SilverPlatter.

- Products distributed

- *Research on Transport Economics. Annual Information Bulletin*, which lists over a thousand projects in progress every year.
- *Press Review*, published once or twice a month and distributed to members of the Committee of Deputies and the Economic Research Committee and to several documentation centres.
- ECMT Catalogue of Publications.
- Update of the ECMT Countries Directory of Transport Ministries.

- Internet

The ECMT website was created in 1996 and is regularly updated by the Documentation Centre. It provides information on the main activities, meetings, publications and many documents that can be downloaded (press communiqués, Resolutions, working documents, glossaries, programmes and conclusions of meetings, speeches, papers, publications catalogue, etc.). The site receives many requests for information or publications. The statistics show that the number of pages consulted rose by over 300% between 1997 and 1998.

In 1999, it was decided to offer delegates access to all working documents by means of a password.

b) New programme of work

There can be no doubt that increased use of the Internet allows information to circulate more widely. The e-mail generated by the site as well as the statistics regarding how it is used make it

possible to better target the information needs of users. Future work will address the updating of the site, free access to the Transdoc base and the development of topic-based bibliographies.

In addition, the Secretariat will continue to input data to the Transdoc base and to publish the Annual Information Bulletin listing research projects, as well as the Press Review.

RAILWAY REFORM

SUMMARY OF PRINCIPAL QUESTIONS FOR REGULATORY REFORM AND THE DEVELOPMENT OF RAIL FREIGHT MARKETS

[CEMT/CM(2000)19/FINAL]

This report is published under the title
“Railway Reform”
ISBN 92-821-1272-1

KEY ISSUES FOR DEBATE

The fundamental objective of regulatory reform for freight rail services is twofold: improvement of efficiency; and improvement of competitiveness in freight markets. Regulatory reform is intimately linked to structural reform to which there are two distinct elements in Europe: restructuring of railways nationally to create business units and financial relationships between them that provide incentives for improved control of costs and quality of service; and restructuring internationally to create business structures better adapted to serving markets in an increasingly integrated European and world economy. Progressive liberalisation of rail freight markets is being pursued, notably in the European Union, as an essential component of regulatory reform at the international level, with the introduction of competition between freight train operators.

In this context, key current issues in the regulation of freight railways in ECMT countries can be summarised as follows.

- a. How should co-operation between railways be promoted in order to improve efficiency and quality of service in international operations? What forms of alliance are most effective? What should be the policy towards mergers and acquisitions? Under what circumstances should they be blocked and what actions should be required as conditions of their approval?
- b. How can adequate investment in infrastructure be ensured, whether from the public or private sector, when pricing infrastructure use at levels that do not drive freight traffic off the railways?
- c. How feasible is light touch regulation on multi-user networks where incumbent operators dominate the competition for access to infrastructure and to markets?
- d. How best can management independence from Government be guaranteed for rail freight companies. What role should privatisation have?
- e. How can appropriate priority be ensured for freight services competing for train paths with passenger services, reflecting the economic value of freight services? How can international timetabling be improved in this respect?

SUMMARY OF PRINCIPAL QUESTIONS ON REGULATORY REFORM AND THE DEVELOPMENT OF RAIL FREIGHT MARKETS

Introduction

1. This report presents a summary of issues for regulatory reform in rail freight transport, laying the basis for debate in the Prague Council. These are complex questions to which, as the analysis in document CEMT/CM(2000)20 and summarised below shows, there are no simple answers. The analysis does, however, provide a framework for working towards the most effective balance between economic efficiency and financial constraints. Although the optimum solution will vary with circumstances, these questions need to be addressed at international level if international rail freight is to meet its potential in Europe.

*EU Directives
and ECMT
Resolutions*

2. Ministers adopted Resolution 99/2 on the Removal of Obstacles at Border Crossings for International Goods Transport at the last meeting of the Council in Warsaw. This called on railways to take prompt action to reduce delays in international freight services as far as is cost effective, and called on Governments to streamline customs and other inspections and to increase the management independence of railway companies so that decisions related to improving border crossing operations can be made on a commercial basis in an international market environment. The present report is complementary, addressing the regulatory and organisational aspects of international (and national) rail freight transport. The conclusions of debate in Prague will lay the foundation for further work and possibly drawing up a Resolution to build on current EU draft Directives (amendments to Directives 91/440/EEC and 95/18/EC and a draft Directive on the allocation of railway infrastructure capacity, the levying of charges for the use of railway infrastructure and safety certification to replace 95/19/EC) once these enter into force, and if appropriate extend relevant provisions to all ECMT Member countries with the aim of fostering efficient development of international rail freight transport across the continent of Europe.

*Principles of
subsidiarity &
proportionality*

3. The circumstances (geography, population, industry, levels of income, efficiency of existing rail services, etc.) influencing performance of the transport system vary considerably from one country to another in Europe. Best practice in one country is not therefore necessarily the best solution in another country. For example, solutions to congestion may be very different from strategies adapted to managing railways with low traffic flows. A Europe-wide standardisation in the approach to regulatory reform may cause avoidable problems. The EU principle of subsidiarity is important as is the question of proportionality — are the costs of measures proposed in proportion to the results expected? Only where the advantages of international harmonisation are large are uniform rules appropriate.

Improving Quality of Service

Opportunities for expansion

4. Advances in logistics and information technology and the creation and expansion of a single market in the European Union present major opportunities for rail freight services to develop in Europe. To exploit these opportunities, rail must compete with other modes on both price and quality of service.

Seamless services and reliability are essential to competitiveness

5. Quality of service depends crucially on reliability, where good labour relations based on competitive contractual conditions are as important as effective logistical management. Equally, structural consolidation in the European rail industry will be important to create the conditions for continent-wide seamless services to develop (i.e. service that avoids customers having to deal with more than one rail service provider, and avoids protracted negotiations between different territorial rail entities).

Competition & consolidation are both important

6. In the regulatory field, two broad routes to fostering adaptability and thus improving the overall performance of rail freight services are most relevant in Europe:

- Increasing competition within the industry.
- Ensuring freedom to rationalise and concentrate investment where returns justify.

A continent-wide restructuring, to replace national frontiers with more commercial logic, is important in both respects.

7. Fostering intra-modal competition may provide an effective route to innovation in the European rail sector in two ways. First by the entry of new companies focussed on specific markets and better adapted in terms of structures and costs to serve these markets as they evolve. Second, and possibly more significantly, through making rail markets contestable and providing the necessary stimulus and rationale for incumbent operators to innovate, even where competition is in practice limited.

8. In terms of price, the overall impact of introducing competition between rail companies may be somewhat limited, given the intense competition from road in most European rail markets. However, competition coupled with the international consolidation of the industry that is beginning and is facilitated as an incidental effect of recent regulatory reforms, should lead to lower costs and better quality, more seamless international services.

Objectives of Regulatory Reform

The need for regulation differs by market

9. There is no single model for regulatory reform that can be applied to all railways. Different rail markets are likely to require different forms of regulation to maximise efficiency and the mix of markets for rail services differs from country to country. However, the following objectives need to be considered in designing regulatory frameworks for most rail markets:

- Preventing pricing abuses in captive markets (bulk coal transport where coastal or inland waterways are not available, for example).

- Ensuring transparency in the provision and use of public subsidies.
- Providing for an adequate level of investment in rail infrastructure and rolling stock.
- Ensuring fair conditions for inter-modal competition.
- Encouraging intra-modal competition, where feasible.
- Minimising potential losses from reduced competition arising from mergers.

Economies of scale need to be preserved

10. The likelihood of different structures and regulatory systems achieving these objectives needs to be balanced against the likelihood of their preserving the welfare gains arising from the major economies of scale, scope and density inherent in parts of the rail system (especially infrastructure for scale economies and passenger operations for economies of density).

11. The underlying task of regulatory reform in Europe is thus to achieve balance: in introducing competition through regulatory intervention whilst otherwise preserving management freedom to run the business commercially (free from government intervention); and in preserving and enhancing as much of the substantial economies of scale inherent in rail services as is compatible with introducing an effective degree of competition.

Intrusiveness of Regulation

Explicit regulatory codes should replace government intervention in management decisions

12. De-regulation of railways in countries as diverse as the United States of America, Japan and New Zealand suggests that relatively light touch regulatory regimes are more successful than detailed prescriptive regulation in achieving the correct balance between these objectives. For freight railways in particular, the North American record suggests that an effective route to improving performance is to restrict detailed intervention to cases where: there is an appeal to the regulatory authorities from an aggrieved party (and constraints on the behaviour of a company are sought); or railway companies wish to merge and there is a need to preserve competition. In the latter case, intervention to constrain the structure of the market (for example requirements to divest parts of the merged business) will generally be more effective than constraints on the behaviour of the merged company.

13. In regions where there is little or no existing competition between rail companies and Government policy is to introduce competition in the rail market (as opposed to for the market through tenders for exclusive concessions) more extensive intervention will be required to prevent the exercise of access rights being obstructed by incumbent operators, and possibly to impose structural changes such as separation of rail infrastructure from train operations.

Competition and Consolidation

Europe needs international alliances as well as competition to improve international freight services

14. Mergers have been a dominant feature of the US rail industry since deregulation in 1980. They have given the industry a more efficient structure, enabling costs to be reduced through cutting out duplicate capacity and reducing overheads. More importantly, services have improved as a result of the ability of the merged operator to provide a seamless service. Mergers *have* enhanced the market power of some rail firms by reducing the number of competitors. This might be expected to have resulted in excessive prices in some markets but this does not seem to be significant given the low rates of return experienced by the industry in the US (despite the rapid increase in productivity) and the fact that average rates have fallen by about 50% since deregulation. For the future, mergers to create trans-national railways are less likely to meet objections from shippers and the regulatory authority than a merger creating a monopoly in one region of the country. This is because, for mergers between companies in different regions of the country, the benefits to shippers of one company providing through services are likely to outweigh the potential loss of efficiency through reduced competition. The balance between allowing the development of seamless services whilst preserving adequate competition has been achieved by the regulator exercising his powers to require divestments of parts of the network or impose trackage (access) rights in specific parts of the merged operation where the impact of reducing competition could be significant.

15. Thus if the creation of access rights improves efficiency through competition, mergers can improve efficiency through economies of scale and seamless service. The draft Directive and amendments to Directives adopted in principle by the EU Council in December 1999 cover international access rights but both national and EU competition authorities (and rail regulators where they exist) will have a decisive role to play in the conditions they attach to approving mergers. Explicit policy at the European level towards mergers needs to be developed, particularly with respect to introducing requirements to divest parts of merged businesses to promote competition. Such conditionality could be employed to protect competition without preventing mergers that bring structural improvements to the industry with associated benefits for international services.

Commercial alliances are needed in rail infrastructure even more than in train operations

16. Seamless service on the infrastructure side of the business is possibly even more important than in freight operations. Infrastructure integration is being addressed partially in the European Union through the draft 1999 Directive on Interoperability, which seeks mainly to ensure a greater degree of technical harmonisation together with standardisation of operating procedures through regulatory oversight. The Trans European Rail Freightways initiative addresses fostering closer commercial ties between infrastructure managers and has made gradual progress in developing faster international train paths for freight and “one-stop-shops” for customer contacts on a number of routes. This may not prove sufficient, however, to prevent barriers to more efficient use of infrastructure persisting, which even merged freight operators may not have powers to resolve. Routes to fostering greater commercial integration of infrastructure management in Europe need to be developed further.

17. Opening rail operations to competition can also increase costs. Evidence of economies of scale, scope and density suggests that fragmenting rail freight businesses can make them uneconomic. This is borne out by the results of international comparisons of productivity coupled with the difficulties of implementing the original model for competition in Britain's freight railways. However, it does not rule out the development of efficient new businesses as a result of regulatory reform, especially where incumbents are inefficient — typically as a result of factors partly beyond their control such as rigidities in existing employment structures. New entrants moving significant quantities of freight have emerged in Germany and Scandinavia, efficient niche market operators providing innovative services have entered the interstate market in Australia, and competitive short line operations are widespread in North America and exist in several European countries. And as already noted, the impact of intra-modal competition in mobilising the resources of incumbent railways should not be underestimated.

Infrastructure Access

Obtaining adequate train paths for international freight will remain a vital issue

18. The future growth of rail freight in Europe will depend on how effectively access issues are addressed, particularly:

- Obtaining adequate train paths for freight in competition with passenger services (on the basis of relative value in terms of socio-economic welfare).
- Establishing an efficient non-discriminatory pricing system for infrastructure.

The first of these concerns requires that the systems for pricing and allocation of the use of rail infrastructure both account for the value of different rail services competing for space on the network. Negotiation will be the most effective way of revealing relative values.

Regulatory authorities or courts are needed to arbitrate access rights

19. Non discrimination has to be the basis for implementing access rights. Independent arbitration is necessary to resolve conflicts of interest. Recourse to regulatory authorities and the courts in cases of dispute is essential to ensuring fairness. In a light-handed regulatory system arbitration is provided by regulatory authorities or the courts only on appeal. In contrast, the system adopted by the EU Council in December 1999 is that an agent fully independent from any rail freight operator has the legal responsibility for allocating capacity and awarding train paths — even if the detailed work of planning timetables and day to day operational management of rail traffic (which inevitably departs substantially from planned schedules) might be contracted to the infrastructure management of a vertically integrated company or group of companies under a holding structure.

Is reciprocity needed to prevent abuse of access rights until these are enforced in all Member countries?

20. Internationally, progress in the rate of development of access rights differs. In the European Union, until such time as major barriers to entry under the terms of the amendments and draft Directives adopted in principle by the Council in December 1999 are satisfactorily removed in all countries, reciprocity might prove a necessary instrument for ensuring non-discrimination. Thus there could be reason to establish grounds for rail regulators or competition authorities to block the entry of operators owned by a foreign incumbent that enjoys protection in its home market through the existence of significant barriers to the exercise of access rights.

Cross Subsidies

Eastern European freight to passenger cross-subsidies must end

21. On the operations side of the business, cross-subsidies from freight to passenger services — common in the newer ECMT Member countries — must end when access rights are created for new entrants. Otherwise the financial solvency of incumbent operators will be unfairly compromised, since new entrants providing freight services do not bear a burden of subsidising passenger services. Thus in the countries of central and eastern Europe and the new independent states, separation of freight and passenger accounts (both balance sheets and profit and loss statements) is essential when access rights are introduced. Organisational separation would further increase the transparency needed to end such cross-subsidies.

Infrastructure Charges

Equivalent conditions for road-rail competition are essential

22. It is important for rail and road freight operations both to be charged efficient prices for the use of infrastructure (failing efficient prices they should at least be priced according to the same principles, to avoid distorting competition). The efficient price of any good is its marginal cost of production. For purely private goods, the production of which follows the normal characteristics of constant or decreasing returns to scale, competition from rival producers will tend to keep prices to the efficient level. For industries with increasing returns to scale, such as railway infrastructure, the efficient price level is no different but competition can not be relied on to reach this price level, as a single firm will be able to supply all production at the lowest cost. Increasing returns to scale (i.e. declining costs) also mean that the marginal cost of production is lower than the average cost, and pricing at marginal costs will not enable the producer to cover his total costs. This does not mean that the efficient level of price is actually above marginal costs — the efficient level of prices is always at the level of marginal cost. For a theoretically efficient outcome a transfer is required from Government to make up the difference between total costs and the revenues from efficient pricing²⁵.

25. This is a *prima facie* case for Government subsidy that was first given a formal exposition by Hotelling in 1938 drawing on the work of Dupuit 1849.

23. Such transfer's should not be confused with state-aids or with a subsidy that distorts trade. They are not designed as compensation for inefficient performance or as a bridging arrangement while a firm improves its performance. These transfers are a permanent feature of a rail system that maximises economic welfare. The size of the transfer is determined by the size of the rail system, which in turn is determined by the cumulative result of investment and closure decisions. The quality of cost benefit assessments on which these decisions are made is therefore crucial. And the key determinant in the assessment is the calculation of expected demand that results from prices set at the efficient level — i.e. at the level of marginal costs. Demand is limited by the price of substitute services, road, shipping and air transport, as well as related to the utility of transport relative to other products and services.

Efficient infrastructure charges across Europe will be vital for expansion of international rail freight

24. Governments may be unwilling to provide the necessary transfers, for example because public finances are under pressure, or because it finds it difficult to assess the real level of marginal costs or because it believes that the existing structure of the industry results in poor decision making. Some Governments also pursue infrastructure cost recovery as a matter of principle. If the transfers required for efficiency are not available, alternative pricing strategies have to be adopted by the railway. The least inefficient approach is Ramsey pricing where prices are marked up in proportion to each customers price sensitivity. The volume of traffic is reduced and lines closed to the point where revenues are sufficient to cover costs. In principle this is not efficient pricing as customers that would be prepared to pay the marginal costs of transport are denied services by the higher than marginal prices charged. The modal share of rail in freight markets will be undermined if infrastructure charges are set substantially above marginal social costs.

Ownership and Financing of Investment

But attracting private finance complicates marginal cost pricing

25. The application of marginal cost pricing creates particular problems with obtaining private sector finance for railway infrastructure. In order to attract private sector finance, it will be necessary:

- Either to make exceptions to allow higher charges for new infrastructure, as under the draft EU Directive on the allocation of railway infrastructure capacity and the levying of charges for its use.
- Or to provide public sector support to supplement private financing of investment.

26. There is evidence that transferring ownership of the railways to the private sector can have a considerable impact on the efficiency and competitiveness of rail services, especially when private ownership is combined with deregulation. However, where there is private ownership of infrastructure that is owned separately from operations, it is essential to provide adequate contractual and regulatory incentives to ensure that investment is at an optimum level. This has already proved to be a difficult regulatory issue in Britain following restructuring and privatisation of the railways and may prove to be the toughest to resolve.

Replicability of Models

US model cannot be transplanted to Europe but some experience can be transferred

27. Deregulation in the USA has been highly successful in improving the efficiency of the rail system and has been accompanied by a significant reduction in rail freight rates. Its strengths lie in enabling an industry structure to develop that reaps the benefits of the fundamental economies of scale of rail services and in avoiding intrusive regulatory intervention where possible. Competition between vertically integrated freight railways is the essential feature. The US model will, however, be difficult to replicate unless both the following conditions are met:

- The economic value of passenger services is insignificant compared to freight – if passenger services are important, then they should not be dependent for infrastructure on vertically integrated freight operators as they have different and often conflicting requirements.
- Most major freight markets are served by more than one line, thereby permitting the railways to be operated as competing vertically integrated transport companies – if there are no potentially competing lines, competing operators would need to use the same track, which is not the norm in the US.

These conditions are rarely met simultaneously in countries outside North America. Even in western Russia, where there may be potential for vertically integrated freight railways to compete, the importance of passenger services may rule out the US model.

28. A permutation on the US model, but adapted to a passenger dominated railway, was developed internally within British Rail before it was restructured in a different form for privatisation. This consisted of vertically integrated passenger operators. However, each section of track would have been controlled by the “prime user” (the operator that used the section of track most). This might have disadvantaged other operators, usually including freight operators, which are rarely the prime users.

29. One way in which the US model could be replicated would be through the development of “freight only” lines with vertically integrated freight companies. However, whilst freight only lines have merits in corridors with a high density of freight traffic on most lines, they would usually lead to losses of economies of scale in infrastructure, especially if vertically integrated freight companies were to compete. For most corridors in most countries, therefore, it is more economic for freight and passenger trains to share the same line, which eliminates this option.

30. It is therefore concluded that the US model is only replicable in limited circumstances that are unusual outside North America. However, as already noted, there are important lessons from the US regulatory experience for other models.

Most of European track network to be opened to competition for international freight

31. In the EU, regulatory reform initially focussed *inter alia* on vertical separation²⁶ and the introduction of access rights for certain categories of rail freight operations. The revised directives (drafts adopted in principle by EU Council in December 1999) focus more directly on the key problem for international freight — the fragmentation of the industry by national boundaries. It was agreed that any licensed operator in the EU should be able to gain access to the principal network²⁷ in any EU country. This should increase the competitive pressures on incumbent railway undertakings and may encourage the further development of strategic alliances, possibly through mergers. Merger activity has already begun with the formation of Railion (German DB Cargo and Dutch NS Cargo), the proposed CargoSI joint operation of the freight businesses of Swiss SBB and Italian FS and other initiatives. The formation of such integrated international operators will allow the provision of a seamless service to customers but raises issues of monopoly concentration.

32. The EU model appears to be the most appropriate solution in regions comprising mainly small countries with significant trade between them. In these countries, the disadvantages of vertical separation should be more than offset by the benefits of horizontal integration of freight operations across borders (provided integration happens). The case for the EU model therefore seems strong for most of Central and Eastern Europe, where international traffic usually dominates. There may, however, be exceptions where demand is dominated by domestic traffic, as for example in Poland, where the advantages of horizontal integration across borders are less relevant. The weight of the economic argument in such cases may be in favour of vertical integration because the high transaction costs and loss of economies of scope arising from separation may outweigh the advantages from greater competition.

Australian flexibility could be a model for parts of Europe

33. The current Australian model successfully combines elements of both EU and US approaches to regulation. It consists of an interstate railway that has rights to negotiate access across a number of State networks exhibiting a wide variety of structures and regulatory regimes. This represents a compromise between the open access provisions of the EU directives and the flexibility of the US model.

-
26. Vertical separation = separation of infrastructure management from train operations.
Horizontal separation = separating freight operations from passenger operations, regional services from inter-city services, etc.
27. More precisely, the Trans-European Rail Freight Network (TERFN) defined by maps annexed to the amendment to Directive 91/440/EEC, mainly covering connections between ports and main freight terminals, together with feeder lines at both ends to a distance of 50 km or 20% the length of the port-terminal connection whichever is the larger (there are exceptions for Luxembourg and Belgium due to the small surface area of these countries).

The Commonwealth lays down minimum requirements for state access regimes in a way that can be applied more flexibly than is the case with the EU directives. Also the rail companies have a right of appeal to the Courts against State and Commonwealth decisions. This greater flexibility may have particular merits for some central and eastern European countries and countries of the former Soviet Union, where the higher modal share of rail and the importance of freight relative to passenger traffic (compared to the EU) and the more dense networks (compared to North America), mean that a variety of approaches should be considered.

Conclusions

Europe needs rail businesses adapted to the emerging single market

34. There is no single model for regulatory reform that can be applied to all railways. Different rail markets are likely to require different forms of regulation to maximise efficiency and the mix of markets for rail services differs from country to country.

35. Under any model, the primary challenge in defining the regulatory framework is to manage the risks of monopoly abuse effectively whilst avoiding intervention that stifles the functioning of the rail freight market. The risks of over and under regulation have to be balanced in order to maximise the benefits for the economy as a whole.

International consolidation needed as well as competition

36. The key implication of this report is that a railway industry structure needs to be created or encouraged that, whilst preventing the development or abuse of captive markets, will provide the necessary balance between:

- Improvement of services to customers and the achievement of economies of scale in the movement of freight through international consolidation.
- The provision for intra-modal competition to develop and provide stimulus for innovation, improved cost control and service quality.

Explicit merger policy required

37. Explicit policy at the European level towards mergers and acquisitions that significantly undermine competition needs to be developed to guide the actions of national and EU competition authorities. This applies in particular with respect to requirements to divest parts of the merged businesses rather than simply blocking problematic mergers and also policy towards companies that enjoy protection in their home market but seek to enter markets or acquire companies in other countries where there are no barriers to their entry.

Lessons from Associate Countries

38. De-regulation of railways in countries as diverse as the USA, Japan and New Zealand suggests that relatively light touch regulatory regimes are more successful than detailed prescriptive regulation in achieving the correct balance between these objectives. For freight railways in particular, the North American record suggests that an effective route to improving performance is to restrict detailed intervention to cases where: there is an appeal to the regulatory authorities from an aggrieved party; or railway companies wish to merge and there is a need to preserve competition. In regions where there is little or no existing competition between rail companies intervention will, however, be required where the exercise of access rights can be obstructed by incumbent operators.

Infrastructure regulation is challenging

39. In the EU and some other places intervention has included separating infrastructure management from train operations. The task of regulating vertically separate infrastructure companies has proved difficult, for example in the United Kingdom, and satisfactory incentive regimes have yet to be developed. This is not to say that effective regimes cannot be developed, but in some respects achieving an effective regulatory regime for separate infrastructure managers may be more difficult than for vertically integrated railways.

Charges for infrastructure use will remain high on the political agenda

40. Where infrastructure has been separated from operations, charges for the use of infrastructure are regulated and marginal social costs have generally been adopted as the basis for determining charge levels for freight. However, studies²⁸ suggest infrastructure charges at marginal social cost levels will fall short of covering total infrastructure costs by as much as 40% or more. To cover the shortfall, there is a range of options from full public subsidy to various charging systems that do cover total costs with a lesser degree of efficiency in terms of infrastructure charges.

28. See CEMT/CS(2000)15.

RAILWAY REFORM

REGULATORY REFORM IN RAIL FREIGHT MARKETS

[CEMT/CM(2000)20]

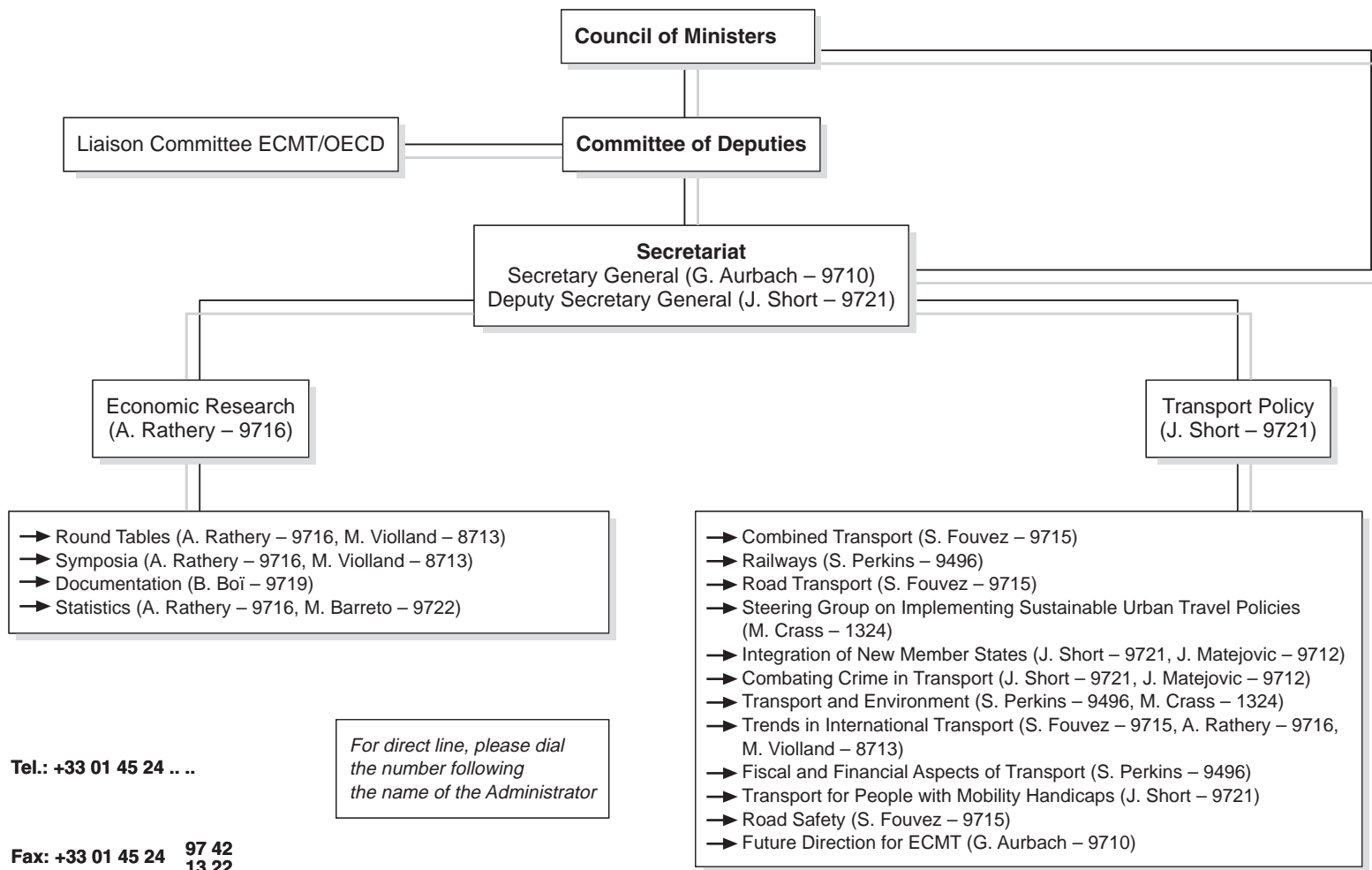
This report is published under the title

“Railway Reform”

ISBN 92-821-1272-1

ANNEXES

Annex 1. **ECMT Organisation Chart – 2000**



**ANNEX II. PRESS RELEASE AFTER 84TH SESSION OF THE
COUNCIL OF MINISTERS IN PRAGUE**

84th Session of the
COUNCIL OF MINISTERS
Prague, Czech Republic
30-31 May 2000



- Sustainable Transport
- Safety for vulnerable users
- Short Sea Shipping
- International Road Haulage
- Multilateral Quota
- Transport Taxes and Charges
- Social Harmonisation
- Integration
- Transport in the Balkan Region
- Railway Reform
- Triennial Programme of Work

PRESS

Main documents approved by
the Council of Ministers of the ECMT
Prague: 30-31 May 2000

Sustainable development

- Report on *Sustainable Transport Policies*
- Report on *Quantifying CO₂ Abatement Policies*
- Report on *Vehicle Emission Trends*
- Report on *Assessing the Benefits of Transport*
- Report on *Strategic Environmental Assessment for Transport*
- Declaration on *Safety in Road Traffic for Vulnerable Users*
- Report and recommendations on *Short Sea Shipping*

Harmonisation in road transport

- Consolidated Resolution on *International Goods Transport by Road*
- Note on *Social Aspects of International Road Freight Haulage*
- Resolution on the *Development of the Multilateral Quota*
- Resolution on *Charges and Taxes in Transport, particularly in International Road Haulage*
- Report on *Efficient Transport Taxes and Charges*

Integration

- Statement on *Implementation of the Helsinki Declaration*
- *Triennial Programme of Work*
- Report on *Transport in the Balkan Region*

Railway reform

- Report on *Regulatory Reform and the Development of Rail Freight Transport*

Most of these documents are available on Internet at the following address:
<http://www.oecd.org/cem/>

PRESS RELEASE AFTER THE MEETING

The Council of Ministers of the European Conference of Ministers of Transport (ECMT)¹ held its 84th Session on Tuesday 30 May and Wednesday 31 May 2000 in Prague (Czech Republic).

The Session was chaired by Mr. Jaromír SCHLING, Minister of Transport and Communications of the Czech Republic and Chairman-in-Office of the Conference. It was attended by thirty eight Ministers as well as the European Commissioner for Transport.

Four main dossiers were examined in depth by the Council.

1. TRANSPORT AND SUSTAINABLE DEVELOPMENT

- (a) The Council of Ministers discussions opened with a paper on **sustainable transport policies**. The paper began by identifying the key policy issues for transport if it is to make a positive contribution to sustainable development; among them are accidents, the creation of wealth, accessibility, noise, CO₂ emissions and air quality. The paper submitted to Ministers goes on to review the progress made to date towards more environmentally sustainable transport in vehicle emission controls, greenhouse gas emissions, efficient traffic management, and strategic environmental assessment. The challenge is to steer the sector towards a solution that maximises the economic and social benefits of transport while minimising the associated environmental social and economic costs.

After a lively debate on this item, Ministers endorsed the strategy for sustainable development of transport outlined in the paper submitted for their approval. This proactive approach, based on the integration of transport and environmental policy, involves Transport Ministers having a strong voice in matters for which they are not normally directly responsible, such as regional development, urban planning and taxation (restructuring of taxes and user charges). It will also require a more coherent policy towards the pricing and financing of transport infrastructure based on both the social benefits of infrastructure and the external costs of infrastructure use.

The strategy proposed is founded on a series of reports contained in the file prepared for the Prague Council. These documents deal with:

- *smart CO² reductions*: a report on the conclusions of a conference organised jointly by the ECMT, the European Automobile Manufacturers Association and the International Organisation of Motor Vehicle Manufacturers. Among the reduction measures reviewed are driver behaviour, vehicle maintenance, the renewal of the vehicle stock, fiscal incentives, new information technologies, infrastructure, tyre pressure and observance of speed limits.

1. The ECMT, founded on 17 October 1953, comprises the Ministers of Transport of 39 European countries: Albania, Austria, Azerbaijan, Belarus, Belgium, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, FYR Macedonia, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Moldova, Netherlands, Norway, Poland, Portugal, Romania, the Russian Federation, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and the United Kingdom. Five countries are Associate Members: Australia, Canada, Japan, New Zealand and the United States. Armenia, Liechtenstein and Morocco are also represented with Observer status.

- *quantifying CO₂ abatement policies*: this report gives a detailed description of experience with quantification and attempts at modelling in selected countries. It gives a range of recommendations (on the definition of “business as usual” scenarios, the elimination of “double counting” and the development of disaggregated models) aimed at improving this type of analysis.
 - *vehicle emission trends*: this report compares vehicle emissions control standards in Europe, Japan and the United States, and reviews progress and the outlook for regulations standards in each region. Nitrogen oxides and particulate matter will be the two most critical pollutants for air quality and vehicle technologies over the next ten years.
 - *assessing the benefits of transport*: the wider effects of investments in transport infrastructure i.e. the impacts on employment, prices, regional economic growth, etc., are often crucial elements in the decision to invest. It is essential to take account of these effects properly in cost-benefit analyses and to include the negative effects that arise, for example, from distorted pricing. The report reviews state of the art assessments in a number of countries.
 - *strategic environmental assessment in the transport sector*: strategic environmental assessment (SEA) is an essential tool for effective decision-making in transport policy development and investment planning. It enables assessment of impacts that go beyond the boundaries of individual projects. The report submitted to Ministers outlines the role of SEA and its requirements, describes recent progress in the use of SEA and outlines improvements that would enhance the efficiency of this method of assessment including in the CEECs.
- (b) Safety is one of the most important aspects of a sustainable transport policy and guaranteeing particularly vulnerable road users a real mobility that is also safe is a concern that has been voiced on numerous occasions by the Council of Ministers of the ECMT. In order to officialise their action in this field, at their Prague meeting Ministers adopted a declaration **on safety in road traffic for vulnerable users**. This text is based on three separate studies devoted to cyclists, pedestrians, and moped riders and motorcyclists, respectively assembled in a single publication. The text reaffirms the need for all countries to implement the measures recommended in the resolutions on cyclists, pedestrians, moped riders and motorcyclists adopted at previous sessions of the Council. It also draws attention to the need to develop strategies to bring about the necessary changes, particularly behavioural changes, which cannot be achieved by legal provisions alone. The Declaration approved by the Ministers requests the ECMT to continue with its work in this area with a view to framing recommendations that would provide a basis for developing appropriate regulations.
- (c) **Short sea shipping** can play a significant part in achieving the objectives of a sustainable transport policy by offering an alternative to road transport and by facilitating the implementation of an integrated and efficient pan-European transport and logistics system in a context of complementarity between modes. A report prepared for the meeting, entitled “Short sea shipping: an Alternative to European Inland Transport, or a Complementary Mode?”, recommends various measures that could be taken to ensure the development and modernisation of this mode of transport. These measures were formalised in a set of draft recommendations on short sea shipping, which were approved by Ministers.

The primary objective of the recommendations is to obtain a clearer picture of this type of transport by means of improved statistics and an inventory of the bottlenecks that are hampering the development of short sea shipping. A second objective is to step up the co-ordination of

infrastructure investment, financial, fiscal and other support measures, the creation of a level playing field and the integration of the maritime sector in policies to promote combined transport. As regards the role of ports as interfaces between transport modes, the text adopted by Ministers stresses the need to: improve port transshipment functions in order to reduce the cost and length of ship transit time in ports; integrate ports more closely into the trans-European infrastructure networks; and streamline the administrative formalities for ships and freight passing through ports. It also stresses the importance of setting up information bureaux for short sea shipping. In order to encourage the development of inland waterway/maritime transport, Ministers supported measures focussing on: bringing inland waterway networks up to technical standards and ensuring their compatibility; liberalising access to these networks; and simplifying and harmonising the regulations and administrative procedures for this type of transport and for short sea shipping in general.

2. ROAD TRANSPORT

The Council of Ministers took several decisions that should enable further progress to be made towards the harmonisation of road transport in Europe.

- (a) Ministers first adopted a consolidated resolution **concerning the rules to be applied for international freight transport by road**. This text, which contains provisions consistent with European Union requirements replaces several earlier ECMT resolutions on the same subject. It deals in particular with the conditions of admission to the occupation of international transport operator: to operate as an international road freight haulier, a licence is required and is delivered on the condition that the applicant is of good repute and adequate financial standing and meets the requirements for professional competence. Each of these criteria is defined in the Resolution adopted, which also contains provisions on the withdrawal of licences in the event of non-compliance with requirements. The Resolution deals specifically with access to the market for international road freight transport services: it lists the transport categories that are exempted from multilateral and bilateral permit requirements and sets out permit requirements for other categories. The social and fiscal provisions applicable to international road freight transport are also defined; they are aimed at ensuring compliance with the European Agreement concerning the work of crews of vehicles engaged in international road transport (the AETR) and that fiscal measures and charges are implemented in a transparent manner without discrimination. Lastly, the Resolution stipulates that Member countries should afford each other mutual assistance in applying the Resolution and penalties for any infringements.
- (b) In October 2000, EURO 3 standards will come into force for new heavy diesel lorries. These standards will enable a reduction of NO_x emissions to 5.0 g/kW/h (9.0 g under the EURO 1 standard). In order that this new vehicle category may be taken into account in the ECMT's **multilateral quota** system, the Council of Ministers adopted a Resolution on introducing a special quota for "EURO 3 safe" lorries as of 1 January 2002. It is proposed that, between now and then, an exchange rate be defined with a view to gradually giving priority to « EURO 3 safe » lorries, bearing in mind that, from 1st January 2002, only "green", "greener and safe" and "EURO 3 safe" lorries will benefit from ECMT licences.

A number of Ministers reported that their hauliers were encountering difficulties in making full use of their licences under the ECMT multilateral quota in countries participating in the Schengen Agreement. These problems underline the need for an examination of the wider consequences for international road haulage of subcontracting and the international re-location of certain hauliers. The Council instructed ECMT to report on these issues.

Moreover, after examining this agenda item, the Council of Ministers also decided to extend for a further year the special quota awarded to Albania, Bosnia-Herzegovina, FYR Macedonia and Moldova on humanitarian grounds

- (c) The Council of Ministers discussed **charges and taxes** on road transport, particularly international road haulage. In their file, Ministers found a report on efficient transport taxes and charges which concludes that the share of differentiated, territorially based levies should be gradually increased and that of purely budgetary, national taxes reduced, as this would both improve efficiency and avoid problems of international competitiveness. The report was accompanied by Resolution, which was approved by the Council after its discussions. The Resolution is intended to officialise the guidelines laid down in the report concerning the way in which efficient transport taxes and charges should be established.

In adopting the Resolution, Ministers affirmed that charges and taxes on international road haulage services should comply with the principle of non-discrimination between national and foreign road haulage operators and that transparency is an essential condition for guaranteeing non-discrimination. They also requested that recourse to bilateral agreements be gradually phased out as the principle of reciprocity on which they are based may introduce discrimination between hauliers from different Member countries. The Resolution adopted by the Ministers also recommends shifting the structure of taxation in transport towards taxes and charges that are more territorially based as this would help, at the same time, to ensure non-discrimination, improve efficiency, avoid problems of competitiveness between national haulage industries, and promote sustainability. In order to reduce the scope for discrimination, the Council supported measures to simplify the system of charges levied on international haulage and reduce the number and variety of specific charges.

- (d) The agenda for the Meeting specifically provided for the Council to discuss the **social aspects of international road freight haulage**. In May 1999, the Council of Ministers, meeting in Warsaw, considered that it would be appropriate at the level of the ECMT to establish minimal social requirements which would promote improved working conditions with regard to road transport activities, prevent distortions in competition, improve road safety, safeguard the health of workers in the sector and, in general, improve the quality of transport services. In order to facilitate their discussion of this issue, Ministers received a note informing them about the work the Conference had done so far, in particular on issues concerning the definition of working time, the average working week and compensatory hours, work breaks and night work, as well as on the links that could be made between the minimum prescriptions on working time and the development of the multilateral quota. This work had resulted in some progress on establishing a common policy on controls and penalties, which did not as yet exist either under the European Unions social regulations or under the AETR.

The lively discussions prompted by this document resulted in a number of new guidelines for the future work of the ECMT with the aim of promoting social harmonisation and, possibly, enabling further liberalisation of international road freight haulage. Among the approaches mentioned, one warrants special mention: the possibility of further liberalising international road freight haulage through an increase in the ECMT multilateral quota, as and when the Council of Ministers deems that sufficient progress has been made in removing distortions in competition between Member countries, particularly in the social conditions applicable to international road haulage. The Council also decided to draw up a draft resolution on effective enforcement of existing regulations on driving and rest time for drivers of road freight vehicles.

3. INTEGRATION

- (a) Under this agenda item, the Council of Ministers was first informed of progress with **the implementation of the Declaration adopted by the last Pan-European Transport Conference held in Helsinki** in 1997. After setting a number of objectives with a view to establishing a pan-European transport system, the Declaration defined the means of achieving them: legislative approximation, gradual liberalisation, development of intermodality, investment in infrastructure, promotion of public passenger transport, application of new technologies, internalisation of external costs, facilitation of transit, etc. The ECMT, together with the EU and ECE, was invited to monitor implementation of these means and to evaluate periodically the degree of achievement of the objectives set by the Helsinki Declaration.

The note prepared for the Council of Ministers and submitted to it at the Prague meeting corresponds to this mandate. It begins by mentioning the ECMT's contributions to simplifying border crossing procedures, approximating legislation, promoting the use of less-polluting lorries, encouraging public-private partnerships for project financing and developing links between Europe and Asia. It then reviews the progress made with the implementation of the Helsinki Declaration in the countries which are not members of the EU and not currently involved in the pre-accession process and the main difficulties encountered. Finally, Ministers adopted a statement in which they reiterate their intention to work for the effective implementation of the Helsinki Declaration and again spell out and confirm the mandate given to ECMT.

- (b) A report on **transport in the Balkan region** was also submitted to the Council of Ministers for its information. This document starts by describing the current status of the transport infrastructure in the region, through which pass six of the ten pan-European Transport Corridors. It then reviews the area's principal problems (delay in introducing reforms, the consequences of deregulation and privatisation of the road haulage industry, border problems, lack of resources) which are similar to those experienced by many countries in transition but exacerbated by a decade of conflict and economic decline. The report then concludes with proposals about what ECMT could do, as a forum for co-ordination among Ministers and through its multilateral quota system, its working groups and resolutions, to contribute to the solution of transport problems in the Balkans.
- (c) Every three years, the Council of Ministers is required to draw up **a new Work Programme for ECMT**. Accordingly, a new programme covering the period 2000-2002 was approved by the Council at the Prague session [see document CEMT/CM(2000)18]. This programme describes the transport challenges that Member countries will face during the next few years and sets out the institutional framework within which ECMT will operate. It lays out the priorities for the work of the ECMT which, in the broadest sense, will continue to be the topics of integration and the environment. Other topics featured in the new programme of work include rail transport, road transport, inland waterway transport, combined transport, urban transport, road safety, transport for people with mobility handicaps, fiscal issues, new technologies and crime in transport, as well as economic research and market monitoring.

The programme also points out that the transport sector is faced with major longer-term challenges stemming, *inter alia*, from the increasing globalisation of economic activities and the search for more integrated multimodal systems. Therefore, when they came to examine the new triennial Work Programme, Ministers were asked to express their view on how they see the future role and geographic coverage of ECMT in an increasingly globally integrated economy. Their response was that, after the Pan-European Conferences, the ECMT should constitute a forum in which government officials, members of parliament, professionals and industry could meet in

order to consult on the major relevant issues for the transport sector. While reiterating that the ECMT should remain an essentially European organisation, Ministers also requested that ways and means be found of bringing the Conference's work more into line with the current wave of globalisation and strengthening its relationship with non-European countries. In this connection, Ministers stressed the special interest in strengthening co-operation between Europe and central Asia given the land links between the two areas.

4. RAILWAY REFORM

One of the key topics for the Prague Ministerial Meeting was that of **railway reform**. Ministers were invited to discuss the main problems of regulatory reform for rail freight services and the development of rail freight markets. As a basis for discussion, they were presented with a report dealing, in particular, with the question of improving quality of service, competition and consolidation, infrastructure access and charges, cross subsidies, ownership and financing of investment.

In a context of progressive liberalisation of rail freight markets at international level with the introduction of competition between freight train operators, the key issues in railway regulation, which give rise to a lively debate in Prague, are as follows:

- How should co-operation between railways be promoted? What forms of alliance are most effective?
- How can adequate investment in infrastructure be ensured if the levels at which charges can be set are severely limited by competition from other modes?
- How feasible is light touch regulation on multi-user networks where large incumbent operators dominate the competition?
- How best can management independence from Governments be guaranteed for rail freight companies? What role should privatisation have?
- How can appropriate priority be ensured for freight services and how can international timetabling be improved ?

Debate in Council revealed the following main points of agreement :

- Revitalising railways will be an essential point of achieving more sustainable transport systems and for this it is essential that a truly integrated rail network develops across Europe.
- Liberalisation is essential for an efficient operation of the railways. Ministers underlined the importance of ensuring day to day management freedom for railways which must have full commercial responsibility for developing their business and indeed for possible failure.
- More seamless international services are vital, and this requires close cooperation both between train operators and between infrastructure managers, and requires a greater degree of technical interoperability which is also important for development of a single market in rail equipment. Whilst international cooperation is essential between rail companies, competition rules have to be respected and any abuses of dominant market powers curtailed by regulation intervention.

- For efficient transport important transport infrastructure investment will be required. Many of these need to be focussed on eliminating bottlenecks – clear priorities in this respect must be identified.
- Finally, Ministers underlined that ensuring safety is a primordial priority behind whole railway reform. The objective is to promote through development of successful businesses providing quality, safe and reliable services.

The debate also revealed the importance of recognising the fundamental differences between national railways and the markets they operate in. For example, if the US Minister underlined the tremendous impact of deregulation in turning around US railways from decline to growth, he also identified ownership of infrastructure by the train operating companies as a key factor in the success of the American reforms. On the other hand, the European Commissioner for Transport indicated that the Union intend to focus on achieving an integrated transport system with a clear separation of railway services and infrastructure. In the end there was wide agreement that there should be room for some flexibility in the models followed for regulatory reform at national level in developing an efficient and truly pan-European railway market.

*

* *

*Pursuant to the provisions of the Protocol governing the Conference, the Council of Ministers elected its Officers who will take up their duties from 1 July 2000 for a period of 12 months. The Minister for Public Works, Planning and Regional Administration of **Portugal** was elected Chairman of the Conference. The Minister for Transport of **Romania** and the Minister for Communications and Infrastructure of **Belgium** were respectively appointed First and Second Vice-Chairmen.*

**This Press Release can also be consulted on the ECMT Web site
www.oecd.org/cem/**

**ANNEX III. LIST OF ECMT MEMBER COUNTRIES - YEAR OF ACCESSION
(AS AT 31 DECEMBER 2000)**

Name of Country	Year of Accession
ALBANIA AL	1998
AUSTRIA A	1953
AZERBAIJAN AZE	1998
BELARUS BLR	1996
BELGIUM B	1953
BOSNIA AND HERZEGOVINA BIH	1993
BULGARIA BG	1992
CROATIA HR	1992
DENMARK DK	1953
ESTONIA EST	1992
FINLAND FIN	1975
FRANCE F	1953
FYR Macedonia MK	1996
GEORGIA GE	1997
GERMANY D	1953
GREECE GR	1953
HUNGARY H	1991
ICELAND ISL	1998
IRELAND IRL	1953
ITALIA I	1953
LATVIA LV	1992
LIECHTENSTEIN LIE	1998
LITHUANIA LT	1992
LUXEMBURG L	1953
MOLDOVA MD	1994
NETHERLANDS NL	1953
NORWAY N	1953
POLAND PL	1991
PORTUGAL P	1953
CZECH REPUBLIC CZ	1993
SLOVAK REPUBLIC SK	1993
ROUMANIA RO	1992
RUSSIAN FEDERATION RUS	1997
SLOVENIA SLO	1992
SPAIN E	1953
SWEDEN S	1953
SWITZERLAND CH	1953
TURKEY TR	1953
UKRAINE UA	1996
UNITED KINGDOM UK	1953

LIST OF ECMT ASSOCIATE MEMBER COUNTRIES - YEAR OF ACCESSION

AUSTRALIA AUS	1973
CANADA CDN	1975
JAPAN J	1969
NEW ZEALAND NZ	1991
REPUBLIC OF KOREA KOR	2000
UNITED STATES USA	1977

LIST OF ECMT OBSERVER COUNTRIES - YEAR OF ACCESSION

ARMENIA AM	1995
MOROCCO MA	1990

ANNEX IV. LIST OF OFFICERS OF THE ECMT

1 January 2000-30 June 2000: OFFICERS OF THE COUNCIL OF MINISTERS

In accordance with the provisions of Article 1a) of the Rules of Procedure, the Council of Ministers elected the following Officers for 2000 at its session on 19-20 May 1999:

Chairman (Czech Republic)

Mr. Antonin PELTRAM, PhD, Minister of Transport and Communications

Mr. Jaromír SCHLING, Minister of Transport and Communications (from April 2000)

First Vice-Chairmanship (Portugal)

Mr. Jorge COELHO, Minister for Social Equipment

Second Vice-Chairmanship (Romania)

Mr. Traian BASESCU, Minister of Transport

Mrs. Anca Daniela BOAGIU, Minister of Transport (from June 2000)

1 January 2000-30 June 2000 : OFFICERS OF THE COMMITTEE OF DEPUTIES

In application of Article 3 of the rules of Procedure, the Officers of the Committee of Deputies are the following:

Chairman (Czech Republic)

Mr. Dusan VALASEK, Ministerial Director

Mr. Karel STEINER, Deputy Director (from June 2000)

First Vice-Chairmanship (Portugal)

Mr. Jorge JACOB, Director General

Second Vice-Chairmanship (Romania)

Mrs. Dana CONSTANTINESCU, Director General

1 July 2000-31 December 2000: OFFICERS OF THE COUNCIL OF MINISTERS

In accordance with the provisions of Article 1a) of the Rules of Procedure, the Council of Ministers elected the following Officers for 2000 at its session on 29-30 May 2000

Chairman (Portugal)

Mr. Jorge COELHO, Minister for Social Equipment

First Vice-Chairmanship (Romania)

Mrs. Anca Daniela BOAGIU, Minister of Transport

Mr. Miron Tudor MITREA (from December 2000)

Second Vice-Chairmanship (Belgium)

Mrs. Isabelle DURANT, Vice Prime Minister, Minister of Transport and Mobility

1st July 2000-30 June 2001: OFFICERS OF THE COMMITTEE OF DEPUTIES

In application of Article 3 of the rules of Procedure, the Officers of the Committee of Deputies are the following:

Chairman (Portugal)

Mr. Jorge JACOB, Director General for Land Transport

First Vice-Chairmanship (Romania)

Mrs. Dana CONSTANTINESCU, Director General

Second Vice-Chairmanship (Belgium)

Mr. Pierre FORTON, Director General

ANNEX V. LIST OF DELEGATES AT THE PRAGUE CONFERENCE

MEMBER COUNTRIES

ALBANIA

Mr Ahmet CENI	Deputy Minister Ministry of Transport
Mr Ali DEDEJ	Chief of Cabinet Ministry of Transport
Mr Pali XHELO	Director of the Department of Foreign Relations Ministry of Transport

AUSTRIA

Mr Michael SCHMID	Federal Minister for Transport, Innovation and Technology
Dr Maria-Elisabeth PÖSEL	Leiterin der Gruppe A Federal Ministry for Transport, Innovation and Technology Transport Policy and Road Traffic
Mr Willi BERNER	Mag., Office of the Minister Federal Ministry for Transport, Innovation and Technology
Mr Walter RIEPLER	Mag., Office of the Minister Federal Ministry for Transport, Innovation and Technology
Ms Barbara STEINER	Mag., Office of the Minister Federal Ministry for Transport, Innovation and Technology
Ms Claudia NEMETH	Mag., Abteilungsleiterin Federal Ministry for Transport, Innovation and Technology

Mr Christian WEISSENBURGER

Mag., Sektionsleiter
Federal Ministry for Transport, Innovation and
Technology

AZERBAÏJAN

Dr Huseyn A HUSEYNOV

**President
State Concern "Azerautonagliyyat"**

Mr Akif Osman ISAYEV

Chief of Transport Inspection
State Concern "Azerautonagliyyat"

Mr Gazanfar EFENDIEV

Assistent
State Concern "Azerautonagliyyat"

BELARUS

M. Aleksandr LUKASHOV

Ministre des Transports et des Communications

M. Gennady ALEKSIYAN

Conseiller
Ministère des Transports et des Communications
Département des Relations Economiques Extérieures

Mr Ivan SHCHERBO

Head of Department
Ministère des Transports et des Communications

Mr Evgeniy YAKOUBOVICH

Ministère des Transports et des Communications

BELGIUM

Mme Isabelle DURANT

**Vice Première Ministre
Ministre de la Mobilité et des Transports
Ministère des Communications et de l'Infrastructure**

M. Pierre FORTON

Directeur Général
Ministère des Communications et de l'Infrastructure
Administration du Transport Terrestre

Mme Gaëtane NIHOUL

Conseiller
Ministère des Communications et de l'Infrastructure

M. Benoît LECHAT

Conseiller
Ministère des Communications et de l'Infrastructure

Mme Françoise DESOLEIL

Conseiller
Ministère des Communications et de l'Infrastructure

BOSNIA AND HERZEGOVINA

Mr Marko AŠANIN

Minister of Civil Affairs and Communications

Mr Goran BILIC

Assistant to Minister
Ministry of Civil Affairs and Communications

Mr Mirko ŠEKARA

Delegate
Ministry of Civil Affairs and Communications

Mr Mehmed DUJSO

Head of Department
Ministry of Civil Affairs and Communications

BULGARIA

Mr Antoni SLAVINSKI

Minister of Transport and Communications

Mr Ilko MILOUSHEV

Deputy Minister of Transport
Ministry of Transport and Communications

Mr Boika DIMITROVA

Delegate
Ministry of Transport and Communications

Mr Radoslav ATANASSOV

Head of Department
Ministry of Transport and Communications
Bilateral and multilateral co-operation
and international organisations

Ms Veska BALTOVA

Senior Expert
Ministry of Transport and Communications
European Integration and
Foreign Affairs Directorate

CROATIA

Ms Romana PALCIC

Principal Counsellor to the Minister
Ministry of Maritime Affairs, Transport and
Communications

Ms Ljuba NOVOSEL

Counsellor
Embassy of the Republic of Croatia
Prague (Czech Republic)

CZECH REPUBLIC

Mr Jaromír SCHLING

Minister of Transport and Communications

Mr Antonín PELTRÁM

Advisor to the Minister
Ministry of Transport and Communications

Mr Karel SELLNER

Deputy Minister
Ministry of Transport and Communications

Mr Karel STEINER

Deputy Director of Transport Policy
International Relations and Environment Department
Ministry of Transport and Communications

Ms Jana RYBENSKÁ

Transport Policy Department
Ministry of Transport and Communications

Ms Jan MRÁ•EK

Senior Officer
Ministry of Foreign Affairs

DENMARK

Mr Jacob BUKSTI

Minister of Transport

Mr Kurt LYKSTOFT LARSEN

Deputy State Secretary
Ministry of Transport

Mr Steen JONSSSEN

Adviser
Ministry of Transport

Ms Tove FREDERIKSEN

Personal Secretary to the Minister
Ministry of Transport

ESTONIE

Mr Toivo JÜRGENSON

Minister of Transport and Communications

Mr Urmas KUKK

Deputy State Secretary
Ministry of Transport and Communications

Mr Tonis LAKS

Deputy Head of Department
Ministry of Transport and Communications

Mr Alar EHASALU

Deputy Head of Road Traffic Department
Ministry of Transport and Communications

FINLANDE

Mr Olli-Pekka HEINONEN

Minister of Transport and Communications

Mr Juhani KORPELA

Permanent Secretary
Ministry of Transport and Communications

Mr Jouko ALALUUSUA

Consultant Counsellor
Ministry of Transport and Communications

Mr Reino LAMPINEN

Attaché
Permanent Representation of Finland to
the European Union, Brussels (Belgium)

FYR MACEDONIA

Mr Bobi SPIRKOVSKI

Minister of Transport and Communications

Ms Maja ORTAKOVA

Chief of Cabinet
Ministry of Transport and Communications

Mr Risto ANDREEV

Under Secretary
Ministry of Transport and Communications

Mr Dimitar ELIMOV

Assistant Minister
Ministry of Transport and Communications

Mr Zoran CRVENKOVSKI

Head of Department
Ministry of Transport and Communications

Ms Julijana JANKULOVSKA

Head of Unit
Ministry of Transport and Communications

FRANCE

M. Jean-Claude GAYSSOT

**Ministre de l'Équipement, des Transports et du
Logement**

M. Alain LHOSTIS

Conseiller Social
Ministère de l'Équipement, des Transports et du
Logement

M. Daniel DEBATISSE

Conseiller Diplomatique
Ministère de l'Équipement, des Transports et du
Logement

Mme Maryvonne FRAÎCHARD

Chef de Cabinet
Ministère de l'Équipement, des Transports et du
Logement

M. Alain LECOMTE	Directeur Adjoint des Transports Terrestres Ministère de l'Équipement, des Transports et du Logement Direction des Transports Terrestres
M. Ladislav PAULIK	CPA - Jumelage ISPA Ministère de l'Équipement, des Transports et du Logement
Mme Elise MARTIN	Attaché Général Ambassade de France, Prague (Rép. Tchèque)
M. Dominique MAUPPIN	Conseiller Économique et Commercial Ambassade de France, Prague (Rép. Tchèque)
Mme Milena RAŠKOVA	Attaché Commercial Ambassade de France, Prague (Rép. Tchèque)

GEORGIA

Ms Elene SHATBERASHVILI	Head of Division for Cooperation with International Organisations Ministry of Transport Road Transport Department
Mr George GOGIASHVILI	Head of Department of European Integration and International Relations Ministry of Transport

GERMANY

Mr Reinhard KLIMMT	Federal Minister of Transport, Housing and Building
Mr Henner WITTLING	Deputy Minister Federal Ministry of Transport, Housing and Building
Mr Klaus GRÖGER	Deputy Director General Federal Ministry of Transport, Housing and Building
Mr Peter Markus LÖW	Personal Referat to the Minister Federal Ministry of Transport, Housing and Building
Mr Rainer KNAUBER	Head of Press Department Federal Ministry of Transport, Housing and Building

Mr Eduard VOLK

Adviser
Federal Ministry of Transport, Housing
and Building

Ms Angelika MAASSEN

Interpreter
Federal Ministry of Transport, Housing
and Building

GREECE

Professor Yiannis MANIATIS

Secretary General
Ministry of Transport and Communications

Ms Smaragda PITENI

Advisor to the Secretary General
Ministry of Transport and Communications

Mr Miltiades PROVATAS

Head of Road Freight Department
Ministry of Transport and Communications

HUNGARY

Mr Zoltan KAZATSAY

Deputy State Secretary of Transport
Ministry of Transport, Communications
and Water Management

Mr Andras HARDY

Delegate
Ministry of Transport, Communications
and Water Management

Mr Attila KISS

Delegate
Ministry of Transport, Communications
and Water Management

Mr Tibor VARGA

Delegate
Ministry of Transport, Communications
and Water Management

ICELAND

Mr Sturla BODVARSSON

Minister of Communications

Mr Jon Birgir JONSSON

Permanent Secretary
Ministry of Communications

Mr Johann GUDMUNDSSON

Head of Department
Ministry of Communications

IRELAND

Ms Mary O'ROURKE

Mr Pat MANGAN

Mr Richard MOORE

Mr Earnon McCORMACK

Minister for Public Enterprise

Assistant Secretary
Department of Public Enterprise

Delegate
Department of Public Enterprise

Delegate
Department of Public Enterprise

ITALY

Dr. Pier Luigi BERSANI

Mr Vincenzo DE LUCA

Mr Andrea BIANCHI

Minister of Transportation

Dipl. Counsellor
Ministry of Transportation

Advisor
Ministry of Transportation

LATVIA

Mr Anatolijs GORBUNOVŠ

Mr Talis STRAUME

Mr Austris CAUNITIS

Mrs Indra GROMULE

Minister of Transport

Director of Road Transport Department
Ministry of Transport

Director of Foreign Relations Department
Ministry of Transport

Senior Officer
Road Transport Department
Ministry of Transport

LIECHTENSTEIN

Mr Norbert MARXER

Mr Henrik CADUFF

Minister of Transport

Dipl. Ing.
Ministry of Transport

LITHUANIA

Mr Rimantas DIDZIOKAS

Minister of Transport

Mr Alminas MACIULIS

Director of Transport Policy Department
Ministry of Transport and Communications

Mr Aleksandras ROMANAVICIUS

Deputy Director of Road Transport Department
Ministry of Transport and Communications

Mrs Raimonda LIUTKEVICIENE

Attache for Transport
Mission of the Republic of Lithuania
to the European Union, Brussels (Belgium)

LUXEMBOURG

M. Jean MORBY

Premier Conseiller de Gouvernement
Ministère des Transports

M. Patrick LIEBETEGGER

Attaché de Gouvernement
Ministère des Transports

MOLDOVA

Mr Afanasie SMOCHIN

Minister of Transport and Communications

Mr Ion COSULEANU

Director of Foreign Relations Department
Ministry of Transport and Communications

NETHERLANDS

Ms Tineke NETELENBOS

**Minister of Transport, Public Works and Water
Management**

Mr Peter KOK

Director of the Directorate of International Affairs
Ministry of Transport, Public Works and Water
Management

Mr M. GOPPEL

Counsellor
Ministry of Transport, Public Works and Water
Management

Mr Bertjan GRIFFIOEN

Counsellor
Ministry of Transport, Public Works and Water
Management
Division for European Policy
Directorate for Strategy & Coordination

Mr Paulo MACHADO	Adviser to the Minister Ministry for Social Equipment
Mr Mario NORONHA	Head of International Relations Division Ministry for Social Equipment
Mr Antonio COPINHA	Attaché de Presse Ministry for Social Equipment

ROMANIA

Mr Aleodor Marian FRANCU	Secretary of State Ministry of Transport
Ms Dana CONSTANTINESCU	Director General Ministry of Transport International Relations Department

RUSSIAN FEDERATION

Mr Sergei FRANK	Minister of Transport
Mr Nikolai AKSENENKO	Minister of Railways
Mr Evgeniy D. KAZANTSEV	Deputy Minister Ministry of Transport Foreign Economic Relations and International Cooperation
Mr Nikolai V. ANTIPOV	Chief of Department, International Relations Ministry of Railways Transport of Russian Federation
Mr Viktor DOLJENKO	Chief of Department, International Relations Ministry of Railways Transport of Russian Federation
Mr Evgeniy MAKHLAY	Chief of Section, International Relations Ministry of Railways Transport of Russian Federation
Mr Lev CHOIKHET	Deputy Chief of Department Ministry of Transport
Mr Michail KOLOMBET	Head of Division Ministry of Foreign Affairs
Mr Irakly ASLAMAZOV	Deputy Head of Staff of Committee of State Duma

SLOVAK REPUBLIC

Mr Jozef MACEJKO

**Minister of Transport, Posts and
Telecommunications**

Mr Dusan RIZEK

Director General
European Integration and International Relations
Ministry of Transport, Posts and Telecommunications

Mr Dusan PAJDLHAUSER

Director General
Section of the Railways Transport
Ministry of Transport, Posts and Telecommunications

Mr Jaroslav HNATI•

Director General
Section of the Road Transport
Ministry of Transport, Posts and Telecommunications

SLOVENIA

Mr Anton BERGAUER

Minister of Transport and Communications

Mr Adam GRUENFELD

State-Secretary
Ministry of Transport and Communications

Ms Eva MEDVED

Senior Adviser
Ministry of Transport and Communications

Ms Gabrijela NAVOTNIK

Secretary General
Ministry of Transport and Communications

Mr Zoran STAMATOVSKI

Economic Adviser
Embassy of the Republic of Slovenia
Prague (Czech Republic)

Ms Simona SOVINC

Interpreter
Ministry of Transport and Communications

SPAIN

Mrs Carmen RODRIGUEZ-AUGUSTIN

Deputy Director General for International
Relations
Ministry of Development

Ms Matilde FERNANDEZ-BALBIN

Technical Adviser EEC
Ministry of Development

SWEDEN

Ms Birgitta HEIJER

State Secretary
Ministry of Industry, Employment and
Communications

Mr Bosse WALLIN

Director
Ministry of Industry, Employment and
Communications

SWITZERLAND

M. Moritz LEUENBERGER

**Ministre
Office Fédéral des Transports**

M. Max FRIEDLI

Directeur
Office Fédéral des Transports

Mme Martina BUOL

Conseillère du Ministre
Office Fédéral des Transports

Mr Jean-Claude SCHNEUWLY

Chef de Section
Office Fédéral des Transports
Section des Affaires Internationales - DTCE

M. Rolf ZIMMERMANN

Adjoint Scientifique
Office Fédéral des Transports

Mr Alexander RIST

Office Fédéral des Transports
General Secretariat DETEC
Bureau of Transport Studies

TURKEY

Professor Dr. Enis ÖKSÜS

Minister of Transport

Mr A. Tahir DENGİZ

Deputy Minister
Ministry of Transport

Mr Metin KATI

Head of Department of Foreign Affairs
Ministry of Transport

UKRAINE

Mr Leonid KOSTIUCHENKO

Minister of Transport

Mr Vasyl TCYBENKO

Deputy of Minister
Ministry of Transport

Mr Leonid P. DOKIL

Head of State Department of Road Transport
Ministry of Transport

Mrs Alla L. BOBROVNIKOVA

Head of International Relations Department
Ministry of Transport

Mr Evgen ZINEVYCH

Delegate
Ministry of Transport

Mr Alexander A. FEDORENKO

Personal Assistant of Minister
Ministry of Transport

UNITED KINGDOM

Lord Larry WHITTY

Parliamentary Under Secretary
Department of the Environment, Transport and the
Regions

Mr John STEVENS

Head of European Transport and General Division
Department of the Environment, Transport and the
Regions
European Division

Mr Howard EMMENS

Official
Department of the Environment, Transport and the
Regions

Ms Christina SCOTT

Official
Department of the Environment, Transport and the
Regions

Ms Jenni BORG

Private Secretary to Lord Whitty
Department of the Environment, Transport and the
Regions

ASSOCIATED COUNTRIES / PAYS ASSOCIES

AUSTRALIA

Ms Joanne BLACKBURN
Assistant Secretary
Department of Transport and Regional Services

CANADA

Ms Margaret BLOODWORTH
Deputy Minister
Transport Canada
Department of Transport

Ms Jennifer LITTLE
Senior Advisor, Intergovernmental Relations
Transport Canada
Department of Transport

JAPAN

Mr Kazuo TANIGAWA
Director General
Ministry of Transport

Mr Tsutomu YOSHIGI
Senior Officer for Planning
Ministry of Construction

Mr Katsuyoshi TAMON
Deputy Director for Seafarers
Ministry of Transport

UNITED STATES

The Honorable Mr Rodney SLATER
Secretary of State
U.S. Department of Transportation

Mr A. Bradley MIMS
Assistant Secretary, International Affairs
U.S. Department of Transportation

Ms Norma KRAYEM
Deputy Chief of Staff
U.S. Department of Transportation

Ms Bernestine ALLEN
Director, International Trade
U.S. Department of Transportation

Ms Mary TRUPO
Director, Public Affairs
U.S. Department of Transportation

OBSERVER COUNTRIES / PAYS OBSERVATEURS

MOROCCO

M. Mustapha MANSOURI **Ministre du Transport et de la Marine Marchande**

M. Mohamed HILI
Suppléant
Ministère du Transport et de la Marine Marchande

OTHER INTERNATIONAL ORGANISATIONS / AUTRES ORGANISATIONS INTERNATIONALES

EUROPEAN COMMISSION

Ms Loyola DE PALACIO
Vice President
EC/CE

Mr N. GIBRIAN
Head of EU Delegation
EC/CE

Mr M. SCINAS
Deputy Head of Cabinet
EC/CE

Mr Dinos STASINOPOULOS
Principal Administrator
EC/CE

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

Mr José CAPEL FERRER
Director of the Transport Division
UN/ECE - CEE/ONU

SPECIAL GUESTS / INVITES SPECIAUX

INTERNATIONAL UNION OF RAILWAYS

M. Philippe ROUMEGUERE
Directeur Général
UIC

INTERNATIONAL ROAD TRANSPORT UNION

M. Martin MARMY
Secrétaire Général
IRU

ECMT SECRETARIAT

Mr Gerhard AURBACH
Mr Jack SHORT
M. Alain RATHERY
Ms Sophie FOUVEZ
Mr. Stephen PERKINS
Mr. Jiri MATEJOVIC
Ms Josiane MARCHAUDON
Ms Sheila O'SULLIVAN

Secretary-General
Deputy Secretary-General
Head of Division
Principal Administrator
Principal Administrator
Consultant
Assistant
Assistant

**ANNEX VI. LIST OF INTERNATIONAL ORGANISATIONS WITH
CONSULTATIVE STATUS IN ECMT**

INTERNATIONAL UNION OF RAILWAYS (I.U.R.)

Monsieur Ph. ROUMEGUERE
Directeur Général
U.I.C.

c.c. - M. J. Cornet, Directeur Général Adjoint

**THE INTERGOVERNMENTAL ORGANISATION
FOR INTERNATIONAL CARRIAGE BY RAIL**

Monsieur H. R. ISLIKER
Directeur Général
O.T.I.F

INTERNATIONAL UNION COMBINED ROAD-RAIL TRANSPORT COMPANIES

Monsieur R. COLLE
Directeur Général
U.I.R.R.

EUROPEAN INTERMODAL ASSOCIATION (E.I.A.)

Monsieur C. FIQUET
Président
E.I.A.

INTERNATIONAL ROAD TRANSPORT UNION

Monsieur M. MARMY
Secrétaire Général
I.R.U.

INTERNATIONAL ROAD FEDERATION (I.R.F.)

Monsieur A. DUPONT
Président
F.R.I.

c.c. M. W. Westerhuis, Directeur Général

**PERMANENT INTERNATIONAL ASSOCIATION OF ROAD CONGRESSES
(P.I.A.R.C.)**

Monsieur J-F. COSTE
Secrétaire Général
A.I.C.P.R.

**INTERNATIONAL TOURING ALLIANCE/
INTERNATIONAL AUTOMOBILE FEDERATION**

Mr. P. DOGGWILER
Director General
A.I.T./F.I.A.

INTERNATIONAL ROAD SAFETY ORGANISATION

Monsieur J. M. TRIGOSO
Président
P.R.I.

EUROPEAN TRANSPORT SAFETY COUNCIL (ETSC)

Mrs. J. BREEN
Executive Director
E.T.S.C.

EUROPEAN CYCLISTS'S FEDERATION

Mr. J. VERSCHOOREN
President
E.C.F.

INTERNATIONAL FEDERATION OF PEDESTRIANS

Mr. R.B. HIRSCH
Secretary-General
F.I.P.

INTERNATIONAL ASSOCIATION FOR YOUNG PERSONS' TRAVEL SAFETY

Monsieur D. HENRIOT
Secrétaire Général
A.I.S.T.

CENTRAL COMMISSION FOR THE NAVIGATION OF THE RHINE (C.C.N.R.)

Monsieur J-M. WOEHLING
Secrétaire Général
C.C.N.R.

INTERNATIONAL UNION FOR INLAND NAVIGATION

Monsieur M. RUSCHER
Secrétaire Général
UINF/IBU

**PERMANENT INTERNATIONAL ASSOCIATION
OF NAVIGATION CONGRESSES (P.I.A.N.C.)**

Monsieur E. VAN DEN EEDE
Président
A.I.P.C.N

EUROPEAN CIVIL AVIATION CONFERENCE (E.C.A.C.)

Monsieur R. BENJAMIN
Secrétaire Exécutif
C.E.A.C.

cc: - Mme M. Barbin, Expert du Transport Aérien

INTERNATIONAL UNION OF PUBLIC TRANSPORT

Mr. H. RAT
Secretary General
U.I.T.P.

EUROPEAN METROPOLITAN TRANSPORT AUTHORITIES

Monsieur G. DOBIAS
Président
E.M.T.A.

INTERNATIONAL TRANSPORT WORKERS' FEDERATION

Mr. D. COCKROFT
Secretary-General
I.T.F.

INTERNATIONAL FEDERATION OF TRADE UNIONS OF TRANSPORT WORKERS

Monsieur F. POOLS
Secrétaire Exécutif de l'Action Professionnelle de la CMT

INTERNATIONAL FEDERATION OF TRANSPORT EXECUTIVES

Monsieur S. GRAZIOSI
Président
F.I.C.T.

UNION OF INDUSTRIAL AND EMPLOYERS' CONFEDERATIONS OF EUROPE

Monsieur Z. TYSZKIEWICZ
Secrétaire Général
U.N.I.C.E.

**INTERNATIONAL FEDERATION OF FREIGHT FORWARDERS ASSOCIATIONS/
EUROPEAN LIAISON COMMITTEE OF FREIGHT FORWARDERS**

Mr. C. GILLESPIE
Président
F.I.A.T.A.

cc: M. J-M. Delquignies, Vice-Président FIATA

Mr. H. BAASCH
Director
C.L.E.C.A.T.

INTERNATIONAL CHAMBER OF COMMERCE (I.C.C.)

Mrs. M.L. CATTAUI
Secretary General
I.C.C.

INTERNATIONAL ORGANIZATION OF MOTOR VEHICLE MANUFACTURERS

Monsieur Y. VAN DER STRAATEN
Secrétaire Général
O.I.C.A.

cc: M. E. Di Camillo, OICA President

INTERNATIONAL MOTORCYCLE MANUFACTURERS ASSOCIATION

Dr. N. ROGERS
Secretary General
I.M.M.A.

EUROPEAN FEDERATION FOR TRANSPORT AND ENVIRONMENT

Monsieur M. ZIMMERMAN
Président
T&E

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION

Monsieur L. EICHER
Secrétaire Général
I.S.O

ANNEX VII. REPORT TO THE GOVERNMENTS' PARTIES TO EUROFIMA'S CONVENTION

FINANCIAL YEAR 2000

EUROFIMA ends its 44th business year with stable financial results. Its expertise, continued presence in the international markets and flexibility are all essential assets which permit the company once again to offer attractive financing for railway equipment investments to the European railways.

In November 2000, the Slovak Republic became the twenty-third European country to adhere to EUROFIMA's international convention.

The pursuit of a cautious business policy and the maintenance of a solid financial structure remain EUROFIMA's permanent objectives. In this respect, as in previous years, all senior borrowings of the company are rated Aaa/AAA by Moody's Investors Services Inc. and Standard & Poor's Corporation.

Due to its excellent creditworthiness, EUROFIMA can raise capital at particularly favorable conditions. New borrowing transactions, carried out in seven different currencies, total CHF 3.3 billion. At CHF 3.7 billion, total repayments and early redemption of bond issues and loans are slightly higher. Due to this evolution and to the influence of foreign exchange rates, total assets decrease by 3.4% to settle at CHF 31.5 billion.

During the business year, 190 main-line locomotives, 4 shunting locomotives, multiple-unit trains (110 motor units and 340 trailer cars), 61 passenger cars, 2 809 freight cars and 5 other types of equipment, serving primarily for track and contact line maintenance, were financed.

While cash flow remained with CHF 58.4 million slightly below the level of the previous year (-1.8%), net profit increased by 0.9%, reaching CHF 44.7 million. The evolution of the net profit benefited from lower provisioning needs. Total risk provisioning amounted to CHF 13.5 million compared with CHF 15.0 million in the year 1999. At December 31, 2000, overdue payments on the financing transactions with the railways of the Federal Republic of Yugoslavia totaled CHF 61.6 million. The late interests on these overdue amounts and the commissions on the related equipment financing contracts are fully paid. At the beginning of 2001, the railway agreed with a plan to clear all its arrears and resume normal debt payment service. With last year's unappropriated surplus carried forward, CHF 24.2 million will be allocated to the reserves. Finally, the statutory maximum dividend of CHF 20.8 million will be distributed on the paid-in share capital.

Within the rail sector, the radical changes promoted by the European Union continue to be the object of fierce debates. If the accounting separation between infrastructure and operation is in the process of completion everywhere and will allow more transparency, other aspects, such as free access and reciprocity among the member States, are driven by divergent interpretations and strategies.

Whichever the solutions chosen, improvement in both quality and safety of rail services continues to require considerable investment, not only for infrastructure but also for equipment, both in passenger and freight transportation. These needs surely exceed the limited financial possibilities of governmental budgets. Only the sharing of risks and the association of motivated parties within the public and private rail sectors can lead to innovative and competitive partnerships. Undoubtedly, cooperation among national partners remains the most promising way, as demonstrated by the success

of the Thalys and the Eurostar. In this respect, EUROFIMA has an important role to play. It is well equipped to face these challenges and to remain a useful instrument of the European railways.

EUROFIMA approaches the year 2001 with confidence. The company's financial results should surpass those of the previous year, even if the commissions income continues to decline due to the reduction of rates applied to railways and to stagnation in the volume of financing contracts.

Strict risk management and control of operating expenses will continue to be the subject of ongoing attention.

Finally, one of EUROFIMA's key objectives will remain the preservation of its outstanding creditworthiness by once again reinforcing its reserves and provisions.

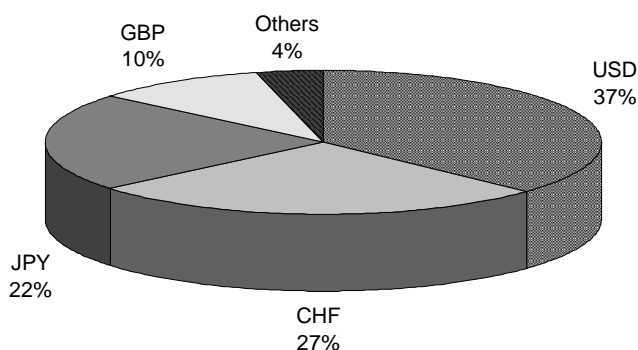
Financing and repayments during the financial year 2000

Financing

Based on exchange rates at the balance sheet date, financing in 7 different currencies reached the equivalent of 3 327 million Swiss francs.

This sum is divided as follows:

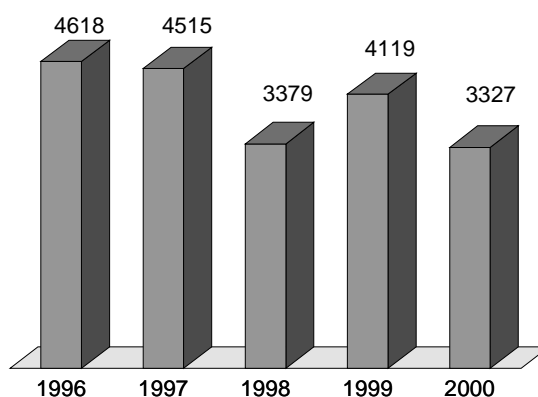
Distribution of financing according to currencies



Source: EUROFIMA

Type of financing	Equivalent in million CHF
Bond issues	863
Programme for the Issuance of Debt Instruments	624
Loans	1 012
Commercial paper	828
Total	3 327

Evolution of financing (in million CHF)

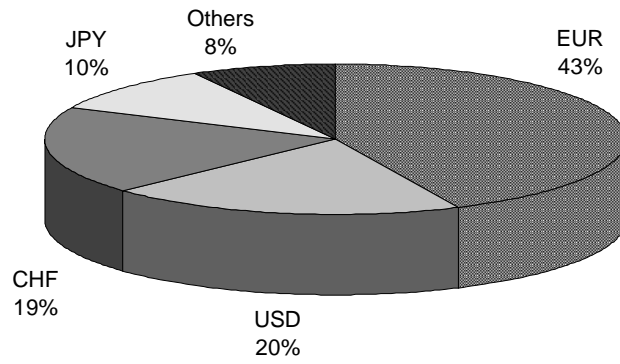


Source: EUROFIMA

Repayments

Based on exchange rates at the balance sheet date, repayments in eight currencies reached the equivalent of 3 707 million Swiss francs. Of this amount, 983 million Swiss francs are due to early redemptions on long- and medium-term financing and 817 million Swiss francs to repayments on short-term financing.

Distribution of repayments according currencies



Source: EUROFIMA

Equipment financed during the financial year 2000

EUROFIMA concluded 24 contracts with 8 member railways or their affiliates for the financing of railway equipment or leasing contracts concluded by its shareholders. The railway equipment and the total equivalents in Swiss francs involved in these contracts are given in the following exhibit.

Country	Railway/Company	Locomotives		Multiple-unit trains			Passenger cars	Freight cars	Other equipment	Amount of financing (in million CHF)	
		main-line		shunting	motor units						trailer cars
		diesel	electric		diesel	electric					
Germany	DB AG		102							334	
France	SNCF					76		1		455	
Belgium	SNCB		8				28	2 112		196	
Luxembourg	CFL				6			470		21	
Portugal	CP	28	7			20				167	
Hungary	MÁV	18	26	4	3	4				37	
Croatia	HZ		1		1		31	226	5	15	
Former Yugoslav Republic of Macedonia	CFARYM						2			2	
Total		46	144	4	10	100	340	61	2 809	5	1 227

The contracts are generally concluded for the maturities of the funds raised.

EUROFIMA holds title or security interests deemed equivalent (in particular pledges) to the railway equipment financed until the funds have been fully reimbursed.

Equipment at December 31, 2000

The following table indicates the equipment of member railways or their affiliates to which the company holds title or security interests deemed equivalent, in particular pledges.

Country	Railway/Company	Locomotives			Multiple-unit trains			Passenger cars	Freight cars	Other equipment
		main-line		shunting	motor units		trailer cars			
		diesel	electric		diesel	electric				
Germany	DB AG		347	12		22	126	5	3 161	5
BSV			2		63	15	102	10	572	
France	SNCF	2	212	19		384	1 298	349	112	
Italy	FS		213			175	210	588	2 513	
Belgium	SNCB		242	39		442	461	924	7 185	
Netherlands	NS		88	80		100	190	262		
Spain	RENFE	82	73	115	180	490	431	361	1 430	
Switzerland	SFR		75			73	219	227	60	
Yugoslavia	JZ		20	41	3	18	37	90	1 188	
Sweden	SJ	89	240			83	215	429	6 100	
Luxembourg	CFL		20	11	6	24		2	482	
Austria	ÖBB		74	64	19			154	512	
Portugal	CP	28	35	16	28	96	127	45	601	
Greece	CH	10		14	79		59	63	300	
Hungary	MÁV	80	133	72	247	15		163	410	
Croatia	HZ	15	17	9	24	24	32	190	1 266	22
Slovenia	SZ							5		
Bosnia and Herzegovina	ZBH							5	102	
Former Yugoslav										
Turkey	TCDD							16	331	
CISALPINO	AG					36	36			
CityNightLine	AG							47		
Hupac	AG								284	
Raab-Ödenburg-	ROeEE/									
CRL Car Rail Logistics GmbH									175	
Total		306	1 797	501	661	1 999	3 573	3 955	26 786	27
under construction			30	5	1			7	998	5

OECD PUBLICATIONS, 2, rue André-Pascal, 75775 PARIS CEDEX 16
PRINTED IN FRANCE
(75 2001 12 1 P) ISBN 92-821-1367-1 – No. 52181 2001