EUROPEAN UNION COMMON TRANSPORT POLICY
Prometna politika Europske unije

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Summary
Common transport policy of the EU strives to achieve more sustainable modal balance; more competition between transport firms, and integrated approach to infrastructure development.

In the past, it has always been assumed that there is a close relationship between the growth in freight and passenger transport energy consumption and economic growth, at least as measured by Gross Domestic Product (GDP). This raises questions about the underlying rationale for this statistical relationship and, more importantly for sustainable development, whether the relationship will continue into the future.

Regarding the shifting the balance between transport modes and eliminating bottlenecks the paper observes "decoupling" transport demand from economic growth and infrastructure charging. The author proposes better cooperation between transport modes and the creation of an economically, environmentally and socially sustainable transport system.

Keywords: The White Paper of Common Transport Policy, external costs of transport, infrastructure charging, decoupling economic and transport growth, shifting the balance between modes of transport.

Sažetak
Zajednička transportna politika u EU teži postizanju održivije modalne ravnoteže; veće konkurencije između transportnih poduzeća, te integriranom pristupu razvoja infrastrukture.

Uproštenost se uvijek pretpostavljalo da postoji uska povezanost između rasta količine tereta i putničkog transporta, transporta energije, potrošnje i ekonomskog rasta, barem prema mjerenjima iskazanima u obliku bruto domaćeg proizvoda (BDP). Ovo postavlja pitanja o racionaliziranju postojanja ove statističke povezanosti te,

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1. Introduction
Uvod

Matters of transport policy are covered in the Treaty of Rome (1957., Articles 74 - 84), which serves as a legal foundation for implementing a common transport policy (CTP).

The common transport policy consist in reforming national policies of member states with the aim to shaping a new UE common policy. The final goal of the process is to develop a common market in the sphere of transport services.

An efficient and flexible transport system is essential for EU economy and our quality of life. The common transport policy aims at achieving a sufficient mobility, which should be adequate to the needs created by the economic growth, as well as sustainable. Its development should not limit the future mobility of people and goods. However, the transport policy is still mostly under control of the member states. It will probably be some years before CTP has been fully implemented.

The current transport development poses significant and growing threats to the environment and human
health. The drastic growth in road transport is the main driver behind this development.

One of the main objectives of the 1992 White Paper - The Future Development of the Common Transport Policy - was to reduce the imbalance between modes, the results so far are insufficient. Unbalanced growth has occurred in the different modes, most notably in the freight transport sector, resulting in excessive congestion and problems of environmental pollution.

The Commission’s Green Paper on Fair and Efficient Pricing in Transport (1995) has given rise to a discussion about the introduction of direct user charges in transport (mainly in connection with road) in order to cover infrastructure and operation as well as external costs. All expenses should be considered; such as infrastructure and external costs (costs of environmental pollution, accidents, etc.), which are still mostly covered by the state budget.

### Table 1. EU Transport Policy Framework

**Tablica 1. Okvir transportne politike EU**

<table>
<thead>
<tr>
<th>EU transport documents</th>
<th>Other EU documents</th>
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<tbody>
<tr>
<td>* coherence in transport policy at the EU level</td>
<td>* substance of the common transport policy</td>
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<tr>
<td>* fair competition between modes</td>
<td>* competitiveness and cohesion</td>
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<td>Intermodality and Intermodal Freight Transport in the European Union (1997.)</td>
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<td>Fair Payment for Infrastructure Use (White Paper, 1998.)</td>
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<td>European Transport Policy for 2010: Time to Decide (White Paper, 2001.)</td>
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However, the depthness of the measures proposed however varies considerably across different areas of transport policy.

The 2001 White Paper groups the proposed measures into four selections as follows (Table 2.):

- Shifting the balance between modes;
- Eliminating bottlenecks;
- Placing users at the heart of policy;
- Managing the globalisation of transport.

### Table 2. Proposals of the Transport White Paper (2001.)

<table>
<thead>
<tr>
<th>Shifting the balance between modes</th>
<th>Eliminating bottlenecks</th>
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<tbody>
<tr>
<td>* Improving road quality: restructuring, regulation</td>
<td>* Multi-modal freight corridor investments</td>
</tr>
<tr>
<td>* Rail: optimal use of the infrastructure and modernisation</td>
<td>* Priority links</td>
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<td>* Air integration and modernisation</td>
<td>* High speed passenger network</td>
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<tr>
<td>* Sea and inland waterways integration</td>
<td>* Financing the infrastructure</td>
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<tr>
<td>* Intermodality: freight integrators</td>
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<th>Placing users at the heart of policy</th>
<th>Managing the globalisation of transport</th>
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<td>* Infrastructure charges</td>
<td>* Europe must be more assertive on the world stage</td>
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<tr>
<td>* Harmonising fuel taxes</td>
<td>* Representation in international bodies</td>
</tr>
<tr>
<td>* Improving passenger intermodality</td>
<td>* External dimension to air transport</td>
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A key element of the Commission’s transport strategy is that the EU must “gradually break the link between economic growth”. The Commission has adopted a vision which goes beyond the need to solve congestion problems and endorses the principle of “decoupling” transport demand from economic growth, with a particular focus on modal shift from a road transport to less environmental damaging modes as an essential factor in achieving sustainable development.

## 2. External costs of transport

**Eksterni troškovi transporta**

Transport causes external costs, i.e. costs connected with transport accidents, air pollution, noise pollution and traffic congestion. Eliminating narrow passages in the transport of goods and people, infrastructure
maintenance, road safety improvements and improvements in public transport safety is connected with costs.

External costs of transport are large in absolute terms and represent a substantial problem. Transport in Europe is suffering from chronic congestion, in economic terms, growing congestion on roads generates extra costs for freight transport, not in the least through time loss. Moreover, undesired and adverse effects on living conditions (e.g. measured in terms of road safety, the isolation of certain region etc.) and the environmental are an increasing burden on society. There is a serious risk that Europe will lose economic competitiveness.

The reduction of external costs of transport is a main policy goal of EU environment and transport policies. There are two sets of policies tools that aim to reduce external costs:

1. "command" measures that directly reduce emissions, and other kinds of external impact and
2. pricing mechanisms (e.g. taxes, charges, subsidies) that give incentives to change users behaviour towards "cleaner" transport.

In considering the role of transport charges and taxes it is important to reflect on the theoretical basis for marginal cost pricing in transport, described as "the polluter pays" principle. This principle aims to ensure that charges are related as closely as possible to the external costs incurred at the point of use.

Without adjustment the polluter has no reason to take external costs into account and hence transport choices will be made simply according to the private costs associated with an individual journey. In the case of private cars these private costs are often perceived by the users as being simply fuel costs (Knight, 2000.). In urban areas the external costs that each vehicle imposes can be very high.

The issue of external costs is discussed in the OECD paper "Internalising the Social Costs of Transport" (1997.). The paper advocated a synergistic mix of instruments, including a number of unconventional mechanisms. The conclusion of investigation is that a carefully designed mix of various economic instruments (Table 3) and regulations is needed to achieve political acceptance and practicality.

The report notes that the charges can provide valuable flows of revenue. It should be noted that they are seen as the main measures to affect traffic volumes rather than the type of vehicle or type of fuel used (where national taxation measures are involved). This is significant. It suggests that local unconventional mechanism are a key fiscal instrument in transport demand management, whereas other fiscal instruments are more suited to affecting vehicle and fuel type.

Recent Commission communications have highlighted the need to change teh current structure of transport pricing in the European Union. Therefore the objectives should pay a fair price for infrastructure use, taking into account both infrastructure costs and external costs.

The European Council reached an agreement in Gothenburg, recognizing that the sustainable development policy has to deal with the question of establishing complete social and environmental costs. Measures will have to be reached so that economic growth will no longer be bound to the extent of transport growth. Both, the change of goods transport from road to rail transport as well as the change of public transport should be encouraged. Consequently, the Commission is investigating the potential for unconventional forms of charging and taxation to support transportation operation and investments. The existing tax system for transport has to be exchanged costs of transport. These instruments are (1) charging the use of infrastructure and (2) fuel tax, which is an especially suitable instrument for mastering carbon dioxide emissions.

The biggest changes will occur in the price structure. The Commission has already established in its previous White Paper on CTP that one of the major reasons for imbalances in transport lies in the fact that the prices do not reflect total social costs, the majority of which are paid for the society, i.e. taxpayers and companies, whereas the user only pays a small portion.

### 3. Measures of the transport policy

#### Mjere transportne politike

**3.1. "Decoupling" transport demand from economic growth**

"Odvajanje" transportne potražnje od ekonomskog rasta

The challenges of the transport system brought about by the future development of the EU are:
- economic growth will automatically cause an increase in the need for mobility,

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<td>Fuel</td>
<td>Differential fuel taxation</td>
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<td>Vehicle</td>
<td>Emission Fees</td>
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<td>Traffic</td>
<td>High fuel taxes</td>
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<td></td>
<td>Parking charges</td>
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**Table 3. Economic Instruments**

*Tablica 3. Ekonomski instrumenti*

- EU expansion will cause an explosion of traffic flow in the new meeber states,

- huge investment in infrastructure due to saturation of main transport roads in EU caused by the less developed new member states.

We shall consider the forecasts put forward in the EU White Paper (2001.). Assuming that economic growth and transport are unlinked, and mobility is retained by a more efficit use of other transport means, road haulage is predicted to grow by 38% between 1996. and 2010., compared to 50% without intervention. The forecast rise in GDP, by comparision, is passenger transport under the same assumptions and for that same period is only 21%.

Table 4. gives a series of data about the distribution of EU annual growth rates of the GDP (real growth), passenger and freight transport, as well as the industrial production. the distribution varies between member states.

This is precisely what the European Commission (White Paper 2001.) means by breaking the link between economics growth and transport growth: a transport sector that grows at a slower rate than the economy. But achieving this goal will require a very considerable effort.


This is the context in which we have to consider the possibilities of a gradual decoupling of economic growth and the transport demand. There are following possibilities for resolving this problem:

The first approach means limiting road transport trough price setting. However, the problem still remains because of the lack of measures for the revival of other means of transport.

The second approach anticipates measures for the increase in effectivenss of other means of transport. It does not include investments in infrastructure and special measures that would help to establish a balance in modal shifts. It also does not assure better regional connections. Road transport still represents the largest part of the market and still centrcrates on saturated transport ways.

The third approach, which is the basis for the White Book, contains several measures that concider pricing, aimed investments in non-European network and a revooval of alternative ways of transport parallel to road transport. In implementation of about 60 measures, defined by the White Book, there should be a considerable decoupling of economic growth and the increasing transport demand. This approach will not demand limiting the mobility of goods and people.

How decoupling of transport activity from economic growth could be achieved?

Work within the project under the title Policy Scenarios for Sustainable Mobility - the POSSUM project - has provided an overview of approaches to decoupling. The POSSUM analysis identified three elements that determine transport growth: transport volume, transport ditance, and transport efficiency. It noted four key factors for developing decoupling strategies: the material intensity of the economy, the spatial structure of production and consumption, the handling requirements of goods, and the organization of transport. Then three basic strategies for decoupling were set out:

1. dematerialization of the economy;
2. reduction of the spatial range of material flows, and
3. optimisation of transport organization.

Finally, the analysis noted that three coherent policy packages can be conceived, relying respectively on the following basic policy orientations:

- policies of lifestyle, involving changed attitudes towards mobility and material consumption,
- policies of market incentives, involving fiscal reform of changed property rights that effect the lifestyle changes,
- policies of regulation, involving criteria-led technical standards and norms, and also innovative planning methodology.

The need to concider decoupling transport from economic development is gaining importance in policy considerations as the economic development advances and priorities in economic, transport, enviroment and social policies change.

At lower levels of development, considerations about sustainable development may not be at the highest level of the agenda of the policy makers. However, these considerations will gain importance and, therefore, require reconsideration of the interrelationship between transport and economic development as economy develops, transport intensifies and safety and enviromental consideration become more critical (Economic Commission for Europe, 2003.).

In summing up their consideration of the relationship between transport and economic development, the participants felt that clarification of this multifaceted and complex relationship might benefit from the further study of the following aspects (ibid):

1. The "threshold effect" of the economic development - the changing role of transport and its relation to economic development at the various stages of economic development (transport intensity at the various stages of economic development, relationship between the price of externalities and the level of economic development, shifts in income elasticity at various stages of economic development, etc.);
2. The role of pricing policies and mechanism in influencing opportunities for decoupling transport growth
from economic growth (determination of the level of external costs of transport and related tariffs, implementation of externality pricing and distribution of revenues);

(3) The effects of spatial planning, land use policies and policies affecting life-styles as well as other policies outside the transport sectors that may affect transport from economic development;

(4) The provision of infrastructure and infrastructural aspects of the relationship between transport and economic development (the role of marginal social costs, the basis for making investments decisions about the new infrastructure).

3.2. Charging the use of infrastructure

Naplata uporabe infrastrukture

The transport sector is relatively highly taxed and the problems lies in the fact that the taxes are unevenly distributed. The inappropriate distribution of the costs among infrastructure administrators, taxpayers, and users causes considerable distortions of competition among carriers as well as among modes of transport. Taxes and charges are currently set in very different ways across different modes of transport and there are large differences in the extent to which infrastructure and external costs are covered. This causes two problems. First, modal choices are distorted, due to different cost coverage ratios and the use of different bases for cost imputation (e.g. average, marginal cost and lump sum charge). This lead to inefficiencies in combining different models in an intermodal transport chain.

Secondly, the existence of different pricing systems, which have developed along purely modal lines, implies that the charges for the constituent parts (e.g. road and rail) are based on different and sometimes conflicting principles. It is therefore generally hard to establish the price for the intermodal operations. This is hindering the very development of intermodal services. The basic principle of charging the use of infrastructure is the necessity that the prices covers the infrastructure costs as well as the external costs, i.e. costs that are connected with transport accidents, air pollution, noise pollution and traffic congestion. This is true for all types of transport and all users, private and business.

Pricing distortions occur in both private and public transport. However, there is a general consensus that sustainable transport policies require the development of better quality and improved capacity public transport systems. Conventional economic instruments, namely operator fare revenues and public subsidies are limited in their ability to send he correct pricing signals to users. Most types of transports are already familiar with the charging of infrastructure; these are rail, port and airport taxes, charges for air traffic and road toll. These systems were designed especially for every type of transport and for every country. The discrepancy of measures is causing difficulties. Anomalies are appearing in competition among transport areas. For example, a cargo train that runs through densely populated settlements has to pay a fee to the infrastructure administrator, whereas a heavy goods vehicle can drive through settlements without having to pay any fees.

Legislation for a rate system for the use of infrastructure is needed. The reform calls for equal handling of suppliers and types of transport. The prices for the use of infrastructure should be formed in the same manner, depending on the type of infrastructure, time of use, distance of transport and the size and weight of transport. Other factors that affect the environment, cause traffic congestion or cause other social costs need to be considered.

4. Major lines of action of the CTP

Odrednice transportne politike

4.1. Shifting the balance between modes of transport

Promjena ravnoteže između oblika transporta

In the first section of the White Paper - "Shifting the Balance between Modes of Transport" - the Commission argues that there is a growing imbalance between the transport modes in the EU. The succes of road and air transport is resulting in ever worsening congestion and impact on the enviromental while the entire potential of rail and shipping is not being fulfilled. To solve this problem, two priority objectives need to be attained:

- regulated competition between modes, and
- a link-up of modes for successful intermodality.

It is essential that all transport modes be treated equally in respect of safety, enviromental and social regulation and its enforcement. To realise these objectives, the White Paper proposes action aimed at: improving quality in the road sector; revitalising the railways; controlling the growth in air transport; linking up modes of transport; helping to start up intermodal services; and creating favourable conditions. However, the policy proposed does not do full justice to the complementary potential of waterways. Their role in supporting modal shift should be more strongly developed. Problems associated with transport have to be dealt with as a part of an integrated system in which different ways of transport supplement one another. This approach should create effective connections among individual means of transport, which would ensure optimal mobility and a balanced distribution within the transport programs (modal split). The concept of intermodality should enable a safe transport of passengers and freight, where the most suitable transport mode is used in each particular case.

As regards the promotion and revitalisation of modes that compete with road transport, here the focus is on the rail and waterborne transport (i.e. inland waterways and short-sea shipping). It is clearly the intention to improve the image of these modes, through investment in quality and in better interfaces between the modes concerned. There is an urgent need for intermodality, based on those modal characteristics that might influence...
the behaviour of transport users and shippers: integration into a so-called one-stop shop, encouraging the emergence of freight integrators, giving priority to technical harmonisation and interoperability between systems, and stimulating innovation. The effort to restructure individual national transport forms into an integrated European transport system is a priority for the EU. There are differences emerging in the implementation of this aim, which are due to use of different tools.

The differences result in varied ways of implementation, changing lobbying power and different dynamics in market development. The lack of a clear concept is one of the major reasons for the currently deficient intermodal transport networks in Europe. As a general point, while the EU seeks to promote sustainability and intermodality, the policy approach is still very much viewed from a single mode and transport in the wider economy and the increasing importance efficient transport and logistics play in the overall performance of the supply chain.

### 4.2. Eliminating bottlenecks

** Eliminacija uskih grla **

The second major line of action is the elimination of bottleneck. Here, too, ports will be at the centre of our efforts. The Commission will first of all continue to use the much too long list of bottleneck hampering short-sea shipping. Ports often turn up on this list; I am counting on your cooperation to solve the problems. Ports, moreover, are the cornerstone of developing the "motorways of the sea" proposed by the Commission. Some "sea motorways" already exist – ferry links are good examples – but others are needed, for example to connect northern and southern Europe.

It is often been said, but must be said again, that better integration of the modes in the transport chain is indispensable. Many of you are well aware of the problem: there are not enough rail links and ports are not always well connected to the various modes of transport. The consequence is always the same: goods are always well connected to the various modes of transport. Ports often turn up on this list; I am counting on your cooperation to solve the problems. Ports, moreover, are the cornerstone of developing the "motorways of the sea" proposed by the Commission. Some "sea motorways" already exist – ferry links are good examples – but others are needed, for example to connect northern and southern Europe.

Despite the wide consensus on the necessity for the rapid improvement of intermodal transport networks on the national level and the existence of encouraging growth statistics from combined transport operators in most countries, the realization of necessary interfacial infrastructure and technological adaptations is progressing at a rather slow pace.

Moreover, despite policy declarations claiming the opposite, investments into road infrastructure remain high and comprise a priority, especially in Southern Europe. Development of short sea shipping is another area for action at the European level. The Commission has included short sea shipping in the second PACT program (1997 -2001.), and proposed supporting policies in a Green Paper on seaports and maritime infrastructure (1997.).

### 4.3. Freight transport intermodality

** Intermodalnost transporta **

Freight intermodality is an essential component of the Common Transport Policy. In order to provide the necessary impetus to the development of intermodal freight transport, a range of policy issues have been defined:

1. The need for an integrated European strategy on infrastructure: trans-European transport networks and nodes;
2. Development of the single transport market: harmonization of regulations and enforcement of competition policy;

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### 4.4. Maritime transport

** Pomorski transport **

Short sea shipping is an important option – based on the complementary of maritime and land transport modes – for alleviating road traffic growth in situations where the transport market is suited to its specific characteristics. European shipping industry should be intermodal. Therefore, its development implies the integration of the
different transport modes through the interconnection and interoperability of maritime and land transport networks. In particular, in order to achieve a land – maritime transport chain with a high quality/price ratio, maritime transport infrastructures, information systems, as well as booking and hiring procedures should be made compatible.

The 2001. White Paper of the Common transport policy points out that close to 41% of the transport operations within the Community are currently carried out by water whereas a decade ago the proportion was only about 35%. This growth is encouraging but needs to be stimulated further so as to re-balance the distribution of freight traffic among different means of transport.

The concept of shore sea shipping adds to that of the trans-European transport networks. Apart from restructuring road transport and the measures necessary for reviving rail, the Commission plans to stimulate short-sea shipping. Ports are at the centre of this first line of action proposed by the White Paper. The Marco Polo program, the successor of PACT, is intended to support and promote intermodality. In implementing this program priority will be given to ports, because it is their performances, which are the key elements of modal rebalance. The Commission will also be taking a look at customs formalities, which are impending short-sea shipping.

**Conclusion**

**Zaključak**

Today there is definitely a need for an integral and coherent transport policy. One of the most obvious reasons is the increasing demand for a sustainable transport development which is not an easy issue given the globalization of production and consumption. We also recognize that the environmental and social implications of the transport need to be carefully monitored.

The Commission intends to take new approaches to pricing in infrastructure costs on the basis of the “polluter pays” principle, to the promotion of alternative, environmentally friendly transports modes, and to the stabilization of the market shares of the transport modes at 1998. levels. However, the actual impact of the proposals will depend on the seriousness and speed with which the necessary measures are taken to implement them.

The starting point is a striving for sustainable transport, which is translated into a number of measurable indicators: transport growth, shifts towards more environmentally friendly modes, full internalization of costs, and decoupling of transport growth and economic growth (e.g. measured in terms of GDP). We welcome the development of infrastructure changing as a policy instrument to contain congestion and reduce environmental impacts.

Transport policies increasingly recognise the need to restrain transport growth and to improve the market shares of the various transport modes. As regards breaking the automatic link between economic growth and growth in freight transport, the solution is sought not so much in a reduction in transport, but in redistribution between modes. Fair and efficient pricing, better targeted investments, and spatial planning are some of the policy tools that can help to achieve this.

However, one is quite aware that today’s reality is very different: anticipated economic growth will undoubtedly result in greater demand for personal mobility and freight transport services. Unlargement of the European Union is set to trigger larger exchanges of goods, and there is a need for additional investments, including in transport infrastructure.

The current transport system has developed according to the conditions set by economic policy and urban development. New models of industrial production, spatial and urban development have determined the transport development. Therefore solutions to the actual problems cannot be found within transport policy alone; the interaction of various policy areas has instead to be considered.

**References**

**Literatura**


