

Dimas 'furious' at setback to environment strategy

The EU environment commissioner Stavros Dimas is reported to be furious with the Commission president José Manuel Barroso over the EU's commitment to sustainability.

Dimas's anger was triggered by the latest delay in the proposed revision of the European Union's clean air strategy and a programme to protect the EU's marine environment.

The two initiatives are part of the seven "thematic strategies" which form the EU's sixth environmental action programme. They were due to be published this month, but despite announcements from the Commission's environment directorate that they were on schedule, the news emerged that none of the seven will now appear before the summer, with no indication about when they will be published.

Reports from the Commission say Barroso has ordered a comprehensive rethink of the plan. The *Financial Times* said he "feared it could hit business at a time when he wants to boost EU competitiveness", and the EU news service Environment Daily said: "The delay looks like a startling lobbying success for the EU business association Unice, and sources say Barroso is blowing cold on green policies in the face of industry criticisms."

The Clean Air for Europe programme "Cafe" is aimed at setting standards which will determine limits of five pollutants up to 2020. At one stage it was expected to be published by the end of 2003, and an announcement by the

environment directorate last month said draft emissions limits would definitely be published in July.

The latest delay prompted

'We know that eliminating premature deaths caused by air pollution will cost €15 billion, and the benefits are €50bn at a very conservative estimate.'

– *Jos Dings, page 3*

the Group of 10 Brussels-based environmental organisations to write to Barroso asking for assurances that he was not capitulating to industry. The letter said: "Perhaps your decision was

inspired by the current political turmoil following the referendum results in France and the Netherlands. Our view is that any weakening of

the Commission's environmental ambitions at this time would be the wrong response. All the signs are that European public opinion continues to have a strong and supportive stance in favour

of EU environmental policy making."

The Cafe programme involves the Commission recommending the emissions limits it believes are necessary for reducing pollution from sulphur dioxide, nitrogen oxides, volatile organic compounds, ammonia and ultra-fine particles (PM2.5). Though the limits will not at first be mandatory, they will act as the basis for later mandatory limits.

Unice, the federation of European businesses, last month sent a letter to the *continued on page 2*

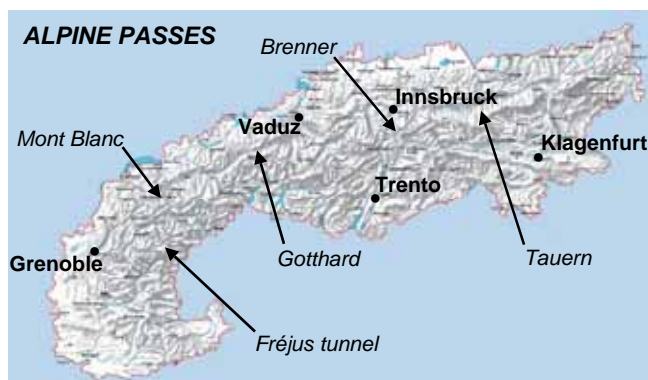
New Alpine tunnel fire brings pressure for shift

The EU transport commissioner Jacques Barrot has called for an "urgent rebalancing of road and rail" after the latest fire in a road tunnel through the Alps.

Two people died when a lorry carrying non-dangerous cargo crashed last month and caused a fire. The Fréjus is the fourth Alpine road tunnel to have a fire in recent years, following fatal crashes in the Tauern, Mont Blanc and Gotthard tunnels.

The crash caused the Fréjus tunnel to be closed, and it will remain so for at least the next few weeks. The immediate effect has been to drive lorry traffic to the Mont Blanc tunnel, which re-opened in 2002 after a four-year closure following the fire in March 1999 in which 39 people died.

Environmental organisations in the Mont Blanc area staged a demonstration against the increase in traffic. All are calling for more measures to shift freight from



road to rail, and T&E member The Alpine Initiative says the only realistic solution is to ban all lorries from tunnels, unless transported on trains.

Officials in the Chamonix valley near Mont Blanc are saying the Fréjus tunnel will be re-opened in September, but feelings among residents are running so high that local activists fear politicians are only saying September because if they admit it could take a year they risk starting a mutiny.

An Italian road haulage federation said Italy's government was partly to blame for

having allowed private companies to increase tolls by 200% while spending little on safety measures. It says the economic cost of the tunnel's closure is €2 million per day.

• The Swiss government has given its support to a railway station to serve skiers 800 metres under ground. The "Porta Alpina" is being built as an emergency exit in the 57km tunnel through the Gotthard mountain range, but the plan is to open it commercially as it would cut the journey time from Zurich and Milan to the Sedrun resort to 50 minutes.

Brussels looks to swap registration taxes for CO₂ charge

The Commission has published proposals to abolish vehicle registration taxes and replace them with a harmonised EU tax based on a vehicle's carbon dioxide emissions.

The aim is to simplify car taxation to avoid people crossing borders paying twice, and in the process offer

Dimas 'furious' at air quality setback

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Commission warning that Cafe could cause a massive rise in costs. It said existing EU air quality legislation would cost €66 billion a year, and new limits would cost another €16bn.

But the European Environmental Bureau said Unice had failed to take into account financial benefits from improving air quality, which it said would be between €31 and €140 billion a year. And it said the Commission's draft limits were not excessive but too low to reach the EU's air quality targets.

T&E director Jos Dings said: "The aspect of this that worries us most is that environmental concerns are playing an increasingly secondary role to business interests. It seems that business only has to shout, and some environmental measure is watered down. The Commission needs to stand firm and tell business that good economics should take air pollution into account. It is not good economics to shield industry from the costs of bad practice."

Transport is affected by three of the environmental programme's seven strategies: air pollution, the marine environment, and the urban environment.

incentives for more fuel-efficient cars.

T&E issued a statement welcoming the idea of linking car taxes to emissions, but expressing skepticism about linking CO₂ emissions to an abolition of vehicle registration taxes. "This is an incredibly blunt solution to a minor problem," said T&E director Jos Dings, "namely the double-taxation of a tiny number of people who move to another state and take their cars with them. And it will not result in reduced car emissions.

"Member states should retain the right to impose registration taxes – they too

Breakthrough for cars as Daimler tests SCR

The decision by the German car maker Daimler Chrysler to do field trials of Selective Catalytic Reduction (SCR) looks set to be a breakthrough in the battle to reduce nitrogen oxides emissions from diesel cars.

Since environmental factors first became an issue for car buyers, the choice has generally been between petrol-fuelled cars which reduce emissions of pollutants but use more fuel (thereby emitting more carbon dioxide), and diesel cars which reduce fuel consumption per kilometre but emit more pollutants, notably hydrocarbons, nitrogen oxides and particulates.

SCR, which reduces NOx while leaving fuel consumption largely unchanged, has in recent years been developed for lorries, but the automotive industry has always said SCR is a long way away for cars.

Daimler Chrysler now says it is field testing diesel cars which reduce NOx emissions by 80% at the same time as allowing the engine to be optimised for fuel economy and particulate emissions.

"Daimler Chrysler has

should be linked to CO₂ emissions, and set at levels that genuinely encourage consumers to buy cleaner cars.

"We would also like to see additional incentives for the cleanest models and penalties for the biggest polluters. Only in this way will the EU get its rapidly rising car emissions under control."

The proposals were expected to be published last month, but disappeared from the agenda of a meeting of the 25 commissioners at the last minute, but they were finally published earlier this month. They come at a time when EU greenhouse gas emissions are on the rise –

broken the industry front," said T&E director Jos Dings. "If the trials confirm the claims the company is making, it will mean the industry can no longer claim that low NOx comes at the cost of higher fuel consumption.

"It could be that Daimler is looking to prepare its diesel engines for the stricter emissions standards that apply to the US market. If that is right, we could have a repeat of the situation in the 1980s, when EU car makers argued

figures for 2003 show climate changing gases rose by 1.3% in 2003, taking the EU even further away from its Kyoto commitment of 8% below 1990 levels by 2008-12.

Registration taxes exist in some countries but not others. Denmark has the highest at €16 000 per vehicle.

The EU tax commissioner Laszlo Kovacs says the proposals are good news for the car industry which currently has to adapt prices depending on different levels of registration tax. But the chances of approval are not good, as finance ministers traditionally oppose tax proposals at EU level.

that three-way catalytic converters were not feasible while they were in widespread use in America."

Signs of that happening emerged as the Commission presented its first draft Euro-5 proposal to the Cars 21 "sherpa" group earlier this month. It contains a target to reduce NOx by 20%, a figure which could soon look outdated when Daimler is ready to offer the market technology that can reduce NOx by 80%.

Concerns after Barrot questions economic viability of 'decoupling'

T&E has written to the EU transport commissioner Jacques Barrot expressing concern at statements he made last month suggesting that decoupling economic growth from transport growth could endanger the Lisbon strategy on economic competitiveness.

In a letter following a speech by Barrot to a European Policy Centre discussion on Sustainable Mobility last month, T&E's director Jos Dings said it would be "highly inappropriate" for the Com-

mission to use a 'midterm review' to drop one of the two key transport policy guidelines that heads of government agreed at the Copenhagen summit in 2001 (the other was modal shift).

Dings also said economic science "consistently draws the conclusion that policies to reduce demand for transport do not necessarily have an impact on economic growth, indeed can often help to sustain economic growth".

Barrot had not yet replied as *Bulletin* went to press.

The benefits of clean air outweigh the costs by a long way!

Well at least it is very clear now. In the February *Bulletin* we had a headline: "This Commission seems no friend of the environment" – the word "seems" can now be replaced by "is". A classic 1½-page letter by the employers' federation Unice to the President of the European Commission Jose Manuel Barroso was enough to delay badly needed EU follow-up air quality laws.

What is the situation? We know that Europe has bad air and that 350 000 people die prematurely from it every year. This is not dubious science – studies are accumulating that show that tiny particles from combustion processes have very worrying

impacts on lungs, blood and heart. We know we can halve his figure by 2020. We know this will cost €15 billion, and the benefits are €50bn at a very conservative estimate. So we know we are talking very beneficial policy here for Europe as a whole.

Why do we know this? Because the Clean Air for Europe (Cafe) process, that started four years ago and forms the scientific underpinning of new policies in this field, was one of the most transparent and scientifically sound policy preparation processes Europe has ever seen. Every tiny detail of assumptions and models used



Jos Dings
T&E Director
EDITORIAL

was scrutinised and discussed in dozens of stakeholder meetings. This scientific and cost/benefit-inspired approach was, by the way, to a great extent the result of industry demands that wanted future legislation to be justified.

So what can we learn from this episode? One: industry has a very willing ear with this Commission and being ahead is always better than having to react. Two: although good cost/benefit scores are a prerequisite these days to get any environmental measure off the ground, they by no means form any sort of guarantee for action. Three:

economic benefits need to be stressed – if fewer premature deaths are not enough to impress policy makers, maybe extra working days as a result of cleaner air are. And four: in the public debate, those responsible for air of poor quality need to be identified, blamed and shamed.

Mr Barroso, you could cut the monthly premature death toll from 30 000 to 15 000 by giving the green light to the Cafe programme, a move that would have vast economic benefits. You say you care about competitiveness, yet you are delaying Cafe because of the lobbying efforts of industry. By your own criteria the Cafe process must be acceptable.

China has realised something that Mr Barroso could learn from

China, China, China. It seems to be the golden rule that, within 10 minutes of any discussion about legislating on automotive standards, at least one reference to the situation in China is necessary. Whatever the topic, or whatever point is being made, a juicy story from the Far East helps. And the message is: automotive legislation in Europe makes no difference because of the situation in China.

There are various factors relevant to the issue of the growth of cars in China, like air pollution, competition for global resources, congestion, and the importance of car production in the economic system. But perhaps the biggest difference to the situation in the EU is the clear political will of the Chinese government to face up to the problems. While the current EU leadership seems limited to the invention of new discussion groups (Cars21), the postponement of legislation (Euro-5), and policy concepts that have proven

their lack of effectiveness (the voluntary CO₂ agreement), China is implementing groundbreaking legislation on energy efficiency for new cars.

Phase I of the new fuel-consumption standards will begin in 2005, and Phase II in 2008. While China has adopted "Euro" standards for regulating "conventional" emissions from passenger cars in the past, the new legislation on energy efficiency breaks with this pattern.

China's system has 16 weight classes and links the weight of each individual model to a maximum limit for fuel consumption. Unlike the current EU approach, no averaging is allowed. Already Phase I is slightly more stringent than the similar Cafe system in America. Phase II goes even a step further, it undercuts the average fuel economy of the US vehicle fleet by about 10%.

According to the World Resources Institute, in 2003



Karsten Krause
FORUM

66% of cars sold in China met the Phase I standards and 35% the Phase II standard. The system will hit mostly SUVs and minivans – only 4% already meet the Phase I standards and none of today's light trucks meet the

Phase II standard. The focus of the system is on fuel efficiency of the mass market. Rather than completely closing the door for luxury car imports the Chinese government is considering using higher taxation for imported cars with higher fuel consumption. From the Chinese government's point of view, these vehicles would not have significant impacts on China's fuel consumption due to their low volume. But the new standards should also prevent the SUV growth that has happened in the USA and Europe.

The system will affect two types of vehicles: firstly, the gas guzzlers imported to China from GM, Daimler-Chrysler and other global

players. Secondly, inefficient Chinese producers will be either driven out of the market or forced to improve their products. The legislation is therefore not only linked to environmental and energy-saving objectives but should also boost the competitiveness of the automotive sectors and the transfer of better technologies from foreign partners.

The Chinese fuel economy standards could be criticised for being not stringent enough or for not creating an incentive for improving cars that comply with the maximum standards for their class. But they give two strong signals to the global car makers: China will not be the place where old, second-class technologies can be dumped. And China is no longer accepting European standards.

The Chinese economists know that those who set a standard have an advantage and benefit most. The economy is dynamically changing, Senhor Barroso.

'Sustainability' alliance seeks to prevent aviation charges

A number of companies in the British aviation industry have formed an alliance with the stated aim of improving air travel's impact on the environment.

The Sustainable Aviation Alliance admitted its overriding goal was to prevent the imposition of kerosene tax or en route emissions charges. It brings together most UK airports, airlines, aircraft manufacturers and other companies, with the aim of reducing fuel consumption by 50% per average aircraft, cutting emissions of nitrogen oxides by 80% by 2020, and other noise, air quality and congestion improvements.

Environmental groups have criticised the initiative, saying it is aimed at avoiding the measures needed to tackle the environmental impact of aviation, and will do nothing to reduce the number of flights.

Meanwhile T&E member Aviation Environment Federation has published a study showing Great Britain is the world's second-worst climate change offender from aviation after the USA. The study "Fly now, grieve later" recommends increasing tax on tickets, abolishing "duty-free" sales, and discouraging airport expansion.

OBSTACLES TO SINGLE EU ROAD CHARGE

A firm of technical consultants says the Commission's aim of having a single cross-border system of electronic road toll collection faces massive difficulties. The company, SBD, has issued a report saying the different systems being used

in those countries which are embracing road charging, together with a "fragmented picture across Europe", means there is a long list of obstacles which have to be overcome before a pan-European system could work.

Meanwhile the British government is considering a "pay as you go" road charge to replace annual road tax and fuel duty. According to draft proposals, the wide range of prices would go from €0.05 to €3.60 per kilometre, with the lowest prices for driving on a quiet road outside peak times, and the highest for motorways during peak times.

- Irish businesses are questioning the legality of the British distance charging scheme for lorries due to start in 2007. They say it discriminates against them, as they will not benefit from reductions in British fuel duty.

TOTAL CONCEPT

The German government's panel of environmental experts has called for an integrated environmental protection strategy for road transport, including a Europe-wide CO₂ trading scheme aimed at bringing average new car emissions to 100 g/km by 2012. According to the panel (SRU), the current EU-industry voluntary agreement on CO₂ emissions is "ineffectual", and individual measures will not tackle the problem, only a "total concept".

TEN TIMES TAX

A British environmental body has recommended that owners of sport utility vehicles (SUVs) should pay €2700 in annual vehicle tax. The Sustainable Development Commission, an advisory body set up by the British government, says the vehicles consuming most fuel should

be charged GB£1800 a year, more than 10 times the current top limit of GB£170, with no annual charge for cars emitting less than 100g CO₂ per kilometre. The recommendations are unlikely to be adopted, but could allow for a higher rise in annual tax on SUVs than originally intended.

GREEN IS GOOD

The economic benefits of putting money into environmental transport is highlighted in a new report by the International Public Transport Union (UITP). UITP, a T&E member, lists instances of public transport authorities putting money into "green" policies and seeing a return on their investment. Examples include the use of biofuels in buses in Spain, and the use of revenues from London's congestion charge.

- The Corporate Leaders Group on Climate Change, an alliance of some of the world's biggest companies, says climate change is causing many companies immense costs, and it therefore wants to see technological and legislative options to reduce greenhouse gases.

PARTICLES IN BLOOD

Further evidence of the damage caused by fine particles has come in a survey from Denmark's Environment Protection Authority. It claims to have found evidence of damage caused by ultrafine particles below 0.1 microns to the white blood cells of Copenhagen cyclists after as little as two hours' exposure to the city's automotive exhaust fumes, though it says more research is needed to confirm the findings. If proven, it will add to pressure for the EU's Cafe process to be taken a step further (see page 1).

NOISY NIGHTS

Aircraft taking off at night from Brussels Zaventem airport expose almost a third of the city's population to noise levels above World Health Organisation's recommended levels, according to the Brussels regional environment agency. Last year, protests against night flights led the international courier firm DHL to decide to move its European headquarters out of Brussels airport. The regional environment minister said the noise findings show the night flight complaints were well founded.

AND FINALLY ...

The extrovert boss of Ryanair has some interesting advice for air travelers who want to reduce their environmental impact. Michael O'Leary, the founder and head of the Irish low-fares airline, told air travelers: "You should sell your car and walk". The comment came as O'Leary was asked to justify his refusal to join the aviation industry initiative to reduce CO₂ emissions (this page). He says Ryanair will not be joining, as the initiative was made up of "high-fares airlines getting together to pursue policies blocking competition."

Bulletin

T&E Bulletin is the official news sheet of the European Federation for Transport and Environment (T&E). It appears 10 times a year and is free to members of the Federation.

T&E has 40 members registered in a total of 21 countries. It lobbies for an environmentally sound approach to European transport issues.

The next issue will appear in mid-August. The deadline for contributions to reach either the T&E secretariat or the editor is Friday 5 August 2005.

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New Publications and Events

- **European Mobility Week**, 16-22 September, www.mobilityweek-europe.org