

To the Presidency of The European Council

ITALIAN PRESIDENCY: The Context

In the second half of 2003, the Italian Presidency will have the opportunity to revitalise sustainable transport in Europe.

The Danish and Greek presidencies have made little progress on further integrating environmental concerns into transport. Italy now has the chance to pick up on the advances in sustainable development that have been made over the last few years.

Developments in 2001 raised transport policy high on the European political agenda, developing much will for change. The adoption of the sustainable development strategy by the European Commission and the conclusions from the Gothenburg summit show a powerful new political will developing across Europe to move transport towards sustainability. The Belgian presidency took the issue further by organising a ground-breaking seminar on transport and economy in July 2001 in preparation for its informal transport and environment council; the first such meeting since the one organised by the UK presidency in 1997.

Under the Spanish, Danish and Greek presidencies, however, European transport policy lost some of its momentum. In the aftermath of the adoption of the long-awaited White Paper on the Common Transport Policy (CTP), they have done little to tackle the weaknesses and pick up on the strengths of the White Paper. Sustainable transport now hangs in the balance.

The Italian Presidency can bring an enlarged Europe closer to the guiding principles of sustainable transport. This means working to reduce transport rather than focussing on supply-side solutions, promoting a shift towards more environmentally sound modes and promoting intelligent transport technologies.

The work of the Greek presidency on maritime safety could usefully serve as an example to Italy of developing political will.

Particularly in relation to the revision of the Trans-European Transport Networks and the replacement of the Eco-points system with a more sensible revision of the Eurovignette directive, the Italian presidency has a chance to leave its fingerprints on future transport policies. These two areas will be among the most important for transport in Europe over the next decade. The Italian presidency now has both an opportunity to move transport towards sustainability, and a responsibility to take it.

At the time of writing, the Italian government had not yet issued a list of priorities for its presidency. T&E suggests that Italy consider the following issues.

KEY RECOMMENDATIONS

- The Italian presidency should ensure that the revision of the **Trans-European Transport Networks**, TENs, is carried out with sustainable transport firmly in mind; particularly, that it ensures alternatives to financing are given equally important roles in the revised guidelines.

- The Italian presidency should also make sure that transport ministers and the Commission give up their reluctance to implement the **Strategic Environmental Assessment** on the TEN-T and TINA networks. SEA should apply to all TENs and TINA corridors, at EU level, and should be coordinated on a European level, rather than by Member States.

- Italy should ensure that the **Eurovignette Directive** revision allows comprehensive road pricing for heavy goods vehicles, covering all external costs. Updating the Eurovignette should be part of a policy for replacing the **ecopoints** system for Alpine traffic. Such a policy should include not only a road pricing system, but also better use of existing rail infrastructure through sensitive areas, a maximum number of trucks transiting sensitive areas, high safety requirements for tunnels and trucks, as well as a night ban for trucks.

- The Italian Presidency needs to pressure the Commission to take a more active role in **integrating** its work on transport and environment.

- The Italian Presidency should ensure **decoupling** transport growth and economic growth remains a main community principle.

- Italy should co-operate with the Commission to ensure that actions on **urban transport** identified in the Common Transport Policy White Paper are developed into legislative standards to which national and local authorities must adhere.

- The Italian Presidency should ensure that the National Development Plans of the **Accession Countries** fully respect the *acquis* and take into account such well-established European principles as decoupling and making the polluter pay.

Most important dossiers in the second half of 2003

Here T&E lists the most important dossiers foreseen for the transport field in the second half of 2003. In some cases a brief introduction is necessary, in others the recommendations stand alone. T&E provides more detailed information on all of these dossiers in its reports and fact sheets, available at <http://www.t-e.nu>.

Enlargement

How the Italian presidency can succeed in this area:

- We urge the Italian Presidency to apply serious consideration to articles 2, 6 and 95(4) of the **Treaty** and to ensure that these are fully respected in the accession countries.
- The Italian Presidency should put pressure on the **European Investment Bank** to apply the EU's Sustainable Development Strategy in its lending requirements. In practice, this means the EIB must insist on a solid SEA in all cases. It also needs to ensure that funds are primarily used for maintaining and upgrading existing infrastructure rather than for new large-scale infrastructure projects. This is crucial, as environmental legislation, especially related to environmental assessment of transport projects, is often poorly implemented in the Accession Countries.
- Transport in the Accession Countries is becoming increasingly similar to the EU, with high, growing levels of passenger and freight transport. The Italian Presidency should take active steps to **prevent further increases in traffic**, by focusing on policies that calm rather than facilitate more transport.

Infrastructure Charging

The European Commission announced a framework directive on transport infrastructure charging in the CTP White Paper. Such a directive should provide the legal basis for a charging system of European transport infrastructure that applies the user and polluter pays principle. The European Commission presented the Green Paper "Towards Fair and Efficient Pricing" as early as 1995 and in 1998 it produced the White Paper "Fair Payment for Infrastructure Use". In 1999, a high level group on infrastructure charging developed charging principles and cost categories to be considered as part of a fair and efficient pricing system.

Unfortunately, despite strong commitments, the framework directive has still not been proposed. In fact, the Commission has reneged on its commitments and appears now to have stopped work on the directive altogether. The only work on infrastructure pricing it now intends to carry out is on revising the Eurovignette Directive.

While this is far from the promised framework, it nevertheless offers a chance to move at least European road haulage in the right direction, to make the cost of using roads more closely reflect the real costs to society. This is crucially important, as the external costs associated with road haulage are extremely high*.

Current pricing signals give the wrong incentives to transport users and make the transport system inefficient. Huge costs related to emissions, accidents, congestion or maintenance are not paid by transport users but by Europe's citizens. Therefore, transport is too cheap and the demand for transport too high. Europe's transport is also socially unjust.

* Banfi et al (2000), External costs of transport. Infrac/IWW (see page S-3). Total costs (EU 15 + Norway & Switzerland) were €530 billion in 1995, or 7.8% of GDP, excluding congestion. Road transport makes up 92% of the total. Freight causes 1/3 of the costs.

Nor are external costs evenly balanced among all transport modes. Most external costs arise in road transport and aviation, the two most polluting modes. Competition between transport modes is distorted.

For almost 10 years, T&E has been asking for a pricing system which reflects the real costs, abolishes intermodal distortions and is, hence, fair for the user.

How the Italian presidency can succeed in this area:

- Pressurise the Commission to immediately complete a **communication for stakeholder consultation**, as planned, followed by the promised framework directive on transport infrastructure charging.
- The Commission is due to amend the **Eurovignette** directive this year. The Italian presidency should ensure that the revision fully respects the polluter pays principle.
- Ensure that the Commission's planned amendment of the **Eurovignette directive** for heavy goods vehicles respects the EU's commitments to sustainability, particularly the polluter pays principle. Crucial to this revision will be the question of use of revenues.
- Under **no** circumstances should Italy allow **pricing revenues** to be earmarked for the mode of transport from which it was generated: this would have catastrophic effects for European transport, and its economy. All other options are more socially, environmentally and economically sound, and most would be more acceptable to the public.
- The Commission was asked to propose a **framework directive on transport pricing** in 2002. This did not happen. Instead the directive has been quietly dropped. Italy ought to ensure that work on the directive recommences with renewed urgency.

Urban transport

Urban transport problems are burning environmental and social issues for the ¾ of Europeans living in cities, as Eurobarometer surveys consistently show. The Italian government has indicated that it wants to deal with urban transport, including discussing urban access control and urban road pricing, particularly in the light of London's groundbreaking congestion charge.

The 6th Environmental Action Programme requires development of a thematic strategy on the urban environment which includes transport. The Commission is presently preparing this strategy, with a view to presenting it in December. We encourage the Italian presidency to follow developments with interest.

One way to reduce transport problems in urban areas is to tackle vehicle taxation. The Commission is presently investigating options for significant changes in the way passenger cars are taxed*.

Because it considers CO₂ efficiency and charges the actual use of cars, this initiative is clearly moving in the right direction. But there a number of environmental problems are not captured with these fiscal measures. The ever-growing number of cars in urban areas and

* Communication from the Commission on Taxation of passenger cars in the European Union - options for action at national and Community levels (COM/2002/431) 6.9.2002.

an ever-increasing amount of land being used for road transport infrastructure are two neglected issues. Harmonised car taxation ought to charge for at least two factors: charge car-use based on emissions, and charge car ownership based on land take.

Taxing the actual use of private cars is an important step towards sustainable transport. But charges on *car usership* ought to complement the already existing taxation of *car ownership*, not just replace it. Full internalisation of all environmental costs of cars must take account of the problems that result from ever-growing numbers of cars on Europe's roads.

How the Italian presidency can succeed in this area:

- Ensure that the thematic strategy on the urban environment under the 6th EAP contains strong commitments on urban transport; bearing in mind the need for environmental targets for the transport sector.
- Any legislation on car taxation must avoid inconsistent legislation on internalising the external costs of road transport and provide fiscal sticks and carrots to enable modal shift. Future charging and taxation efforts must be directed towards the overall ecological impact of motorised transport and not just the harmonisation of different European taxing systems. They ought to take all environmental impacts of transport into consideration and not just focus on one single (although important) indicator, such as CO₂ emissions. Taxation must affect both the car user - for emissions - and the owner - for the land-take and resource use involved in owning a car.

Revision of TEN-T Guidelines

All transport infrastructure must comply with the provisions of the Treaty of Nice especially Articles 2 and 6 (commitments to sustainable development and integration of the environment into other policy areas).

The amendments to the Commission's revised TEN-T Guidelines, proposed by the European Parliament on 30 May 2002, stress the importance of strategic environmental assessment (SEA). We argue that it is the responsibility of the Commission, as representative of the financing body, to steer and monitor these SEAs, not duplicate member states' obligations to carry out national SEAs of TEN-T projects on their territory. This would involve overall co-ordination along and between corridors, and mediation between all interested parties (e.g. present and future EU Members).

In the recent past there has been strong support from Member States for strategic analysis of major plans and programmes, including those for transport. This has been underlined by numerous commitments, within the EU and internationally: for example, the Vienna Declaration of 1997, the 1999 London Charter on Transport, Environment and Health, the EU's 2001 Sustainable Development Strategy, and commitments entered into within the Århus Convention.

How the Italian presidency can succeed in this area:

- **Press the Commission** to include in the new

revision proposal, due for December 2003, the TENs amendments voted by the European Parliament in May 2002 on ensuring Strategic Environmental Assessment of TENs. This would clearly demonstrate Italy's commitment to sustainable transport.

- Take a **precautionary approach** to the TENs by making sure funding for TEN-T does not become a priority in itself, disregarding other policy options.

- The Commission, aided by the "**Van Miert group**", is currently examining a list of priority projects across the enlarged EU. Italy should ensure that project assessments are based on social, economical and environmental criteria rather than a political agenda.

Air pollution from Ships

The Commission presented a Community Strategy on Air Pollution from Seagoing Ships at the end of 2002. Emissions from land-based sources have gone down, and are expected to continue to do so, while those from shipping are showing a steady rise. By 2010, under national emissions ceilings directive commitments, emissions of sulphur and nitrogen oxides from shipping will approach the same levels as the EU total from land-based sources. Shipping will thus contribute increasingly to damage to health and the environment from air pollution; unless action is taken. In order to achieve agreed EU aims for environmental quality, measures leading to a marked decrease in the emissions from shipping will be a clear necessity.

For many years ships have been exempt from modern environmental standards. Yet these will be essential for the industry's future competitiveness and development. Ships have many environmental advantages over other modes of transportation, but they can make no claim to environmental respectability as long as they continue polluting the air with great volumes of sulphur and nitrogen oxides.

Global action under the International Maritime Organisation has so far yielded few results. To reduce emissions within a reasonable time, as well as to put pressure on the global negotiating machinery, moves will have to be made at both national and European levels. The first step must be to get legally binding EU rules to set minimum fuel and/or emission standards. And to bring about sufficiently large reductions more quickly, economic instruments, such as environmentally differentiated charges, will be needed also.

How the Italian presidency can succeed in this area:

- Work towards a Council position on the strategy on air pollution from sea-going ships which results in **EU action and international leadership** for developing cleaner, more environmentally sustainable shipping.

- Ensure that the legislative passage of the Commission proposal to revise directive 1999/32/EC establishes the strictest possible limits for the **sulphur content of marine bunker fuels**, in line with the developing will of the European Parliament.

- Provide political leadership on environmentally differentiated **charging schemes** in EU waters.

Aviation

How the Italian presidency can succeed in this area:

- We urge the Italian EU Presidency to steer the debate on a **Single European Sky** in the direction of sustainability by raising the issue of air-traffic demand management.
- Italy should discuss with other member states the results of the Commission's study on a **European aviation charge** and urge the Commission to use these results to come forward with a directive.

Other important issues

- Italy should ensure that Council insist on ambitious **environmental targets for transport**, in line with the 6th Environmental Action Programme.
- It is likely that the Commission's proposed legislation on **tunnel safety** will complete its legislative passage during the Italian Presidency. Italy should ensure that it contains strong requirements for equipping tunnels and trucks (built-in safety features) and a limit on the number of trucks passing through a tunnel at any given moment.
- Italy should take the initiative and encourage the Commission to begin developing a set of **social indicators** for the transport sector, along the model of the EEA's environmental indicators. Given the Union's commitment to sustainability this is a logical development on the path to introducing a much-needed total impact assessment for transport policies.
- The Commission is due to propose an updated **joint report on social inclusion** in December. Transport plays a major role in social exclusion, as previous reports have pointed out. Italy should thus encourage the Commission to examine transport's role in greater detail in this year's report.
- Legislation on Kyoto and the flexible mechanisms is due to be proposed in June. Although transport is not included in the Kyoto Protocol, transport is one of the main contributors to greenhouse gas emissions in Europe. Italy should ensure that the legislation takes this into account when it goes through the legislative process.
- We call upon the Italian Presidency to critically revise the Commission Communication on the **Taxation of Passenger Cars** in the EU. In order to promote

more environmentally sound motorised transport, particularly in urban areas, the Council ought to ensure that Car Registration Taxes are not abolished, but reformed in order to charge both the actual use of cars as well as private car-ownership.

- The Italian Presidency should ensure that the **harmonisation of commercial diesel** increases the average tax level in Europe sufficiently in order to give incentives to develop alternative fuels. The harmonisation should also enable the application of an effective CO₂ tax to meet the Kyoto target.

- The Commission put forward an amended proposal on **public service requirements in awarding public transport contracts** (COM(2002)107) in February 2002. The regulation has been on the cards for three years now, having originally been proposed in mid-2000. It is an opportunity to raise social and environmental standards in public transport across Europe; while allowing individual competent authorities to set more stringent standards than the minimum. It is time this regulation is adopted. Italy should take the initiative and ensure that the legislative process (re)starts during its presidency.

Learning from past mistakes: A brief evaluation of the Greek Presidency

The Greek Presidency did little on transport and failed overall to promote sustainable transport in Europe, although it made good progress in accelerating the phase-out of single-hull tankers.

Most importantly, Greece allowed the Commission to drop the framework directive on infrastructure pricing. The framework would have gone a long way towards ensuring sustainable transport - economically rational, socially just and environmentally sound. It was also a long-standing promise from the Commission which reflected a strong political will across the European Union for sustainable transport. The Italian presidency should put pressure on the Commission at its highest levels to swiftly conclude its work on this crucial directive and should ensure that the Commission breaks no more promises in the field of environmentally sustainable transport.

About this paper: "Sustainable development" needs to be the keyword for European transport policy. This means that it should aim to be socially just, economically efficient and environmentally sound. With this memorandum, T&E has attempted to tackle some of the most important current issues in transport and environment, and to point to where the Italian Presidency can make a difference. This includes a series of concrete recommendations which together provide a coherent vision for a sustainable European transport policy.

About T&E: The European Federation for Transport and Environment is Europe's principal non-governmental organisation campaigning on a Europe-wide level for an environmentally responsible approach to transport. The Federation was founded in 1989 as a European umbrella for organisations working in this field. At present, T&E has 37 member organisations covering 21 countries. The members are mostly national organisations, including public transport user groups, environmental organisations, and environmental transport associations. T&E closely monitors developments in European transport policy and submits responses on all major papers and proposals from the European Commission. T&E frequently publishes reports on important issues in the field of transport and the environment, and also carries out research projects. More information about T&E can be found on the web-site: <http://www.t-e.nu>. Address: Boulevard de Waterloo, 34, 1000 Brussels, Belgium. Tel: +32.(0).2.502.9909, or e-mail info@t-e.nu.