

To the Presidency of The European Council

DUTCH PRESIDENCY: The Context

2004 is a defining year for Europe. The Dutch government has the EU chair at the turning point between old and new. During its time the new Parliament starts work and the new Commission sets its priorities. The Dutch Presidency must encourage sustainable transport policies, not only during its watch, but also over the next five years through its input to the Commission's work-plan.

The Netherlands takes over the Presidency of the EU mid-way through one of the most important years in the EU's history. Under the Dutch watch, the EU will for the first time work as a club of 25. The newly-elected European Parliament will select its office-bearers and start work, one of its first acts having been to approve the Commission President. Debates on the new European Union constitution will be underway in numerous EU member-state in advance of referenda promised to many citizens. The European Union will be in the popular spotlight more than ever before.

Setting the EU agenda

It is within this context that the Dutch government will control the EU agenda on transport. Developments in the transport field affect citizens directly, influencing their quality of life, health, access to goods and services and the goods they can buy. How the transport agenda unfolds over the next six months will therefore have a bearing on perceptions of the EU as a whole in the member-states.

Unfortunately, national governments have to date used the EU as a scapegoat for unpopular decisions. As a result, trust in the EU is at an all-time low, shown by the extremely modest voter turn-out at the recent Parliament elections, even in the new member states.

Boosting public debate on Europe by organising a series of events, cultural or otherwise, will therefore not be enough in and of itself to increase public trust in the EU: the basic policies and procedures must also be seen to be progressive.

The Dutch government has a chance to set the political agenda with its Energy in Motion conference.

Transport and sustainable development

Developments in 2001 raised transport policy high on the European political agenda, developing much desire for change. The adoption of the Sustainable Development Strategy, and the 2001 Gothenburg summit, showed a powerful new political will developing across Europe to move transport towards sustainability. The Belgian presidency then organised a high-level

seminar on transport and economy in July 2001 in preparation for its informal environment and transport council; the first such meeting for nearly five years.

Past weaknesses

Over the past few years, however, European transport policy has lost momentum. The 2001 Common Transport Policy White Paper was shown to be inadequate within a week. Until it is revised, the EU is without a viable transport plan. Most transport and environment indicators show transport still performing badly, with few visible improvements.

Yet poor transport is one of Europe's biggest problems. It affects quality of life, health, the natural environment and the economy. Noise and congestion are just two of the everyday transport-related complaints raised by citizens across the Union.

The Netherlands therefore inherits a situation where EU transport's development is in the balance. On the one hand are fine commitments and reasonable demands for better transport, and on the other is stalled progress at EU level. It must break this impasse.

Opportunities

The Dutch presidency has a number of factors in its favour at this time. The Sustainable Development Strategy is due for review, as is the White Paper on the Common Transport Policy. And the Commission will set its agenda for the next five years under the aegis of the Dutch EU presidency.

The Government has singled out transport for special treatment, from planned efforts on sustainable mobility, to a desire to be a trendsetter in international transport, particularly aviation and short sea shipping. It is welcome that the Presidency sees the relationship between environment and health as a priority. The plan to hold the agenda-setting conference, 'Energy in Motion', during its presidency is also welcome.

Furthering the Lisbon strategy must mean promoting environmental integration. Together they form the EU's Sustainable Development Strategy, and dealing with one without the other would undermine the prosperity all in the Union want to see. It is therefore welcome that the Dutch will try to strengthen the environmental dimension of the Lisbon process. Securing the Union's energy supply must involve promoting more fuel efficient cars and less private car use, in addition to renewable energy. A simple glance at the rising energy use for transport shows this very clearly.

The government of the Netherlands now has a real chance to bring an enlarged Europe closer to the guiding principles of sustainable transport. To do so, the Dutch Presidency must take the following actions.

TEN KEY ACTIONS

1 Energy in motion conference: This conference provides a real opportunity to set concrete environmental targets for transport in the EU's agenda. It should deliver commitments, not just fine words. The Presidency should provide significant input to the Commission's work-plan, pushing for ambitious environmental targets in transport.

2 Sustainable Development Strategy: The Netherlands needs to ensure that the Commission's planned SDS review takes more seriously the integration of environmental concerns into transport.

3 Car-makers and CO₂: Though car makers have promised to reduce their CO₂ emissions, progress is slow. The Presidency should ask the Commission to develop plans to ensure the reductions happen, both immediately and after the commitment period.

4 Aviation: The Presidency should be very careful to ensure scope in two ways for the EU to charge all carriers for emissions: the EU-US bilateral agreement and at the international level.

5 Common Transport Policy: The Netherlands must ensure that the Common Transport Policy White Paper review, due to start this year, places *all citizens* at the heart of transport policy.

6 Strategic Environmental Assessment: the SEA directive enters into force in July and the Netherlands should ensure it is properly enforced.

7 Thematic Strategy on Urban Environment: The Presidency should ensure that work in this field includes an obligation on cities to make action plans for urban transport; including specific, quantitative environmental targets for urban transport.

8 Eurovignette: The Presidency should finalise work, ensuring that member states keep freedom to: use revenues as they choose; charge for all external costs; charge across the whole network.

9 Trans-European Transport Networks (TENs): The Presidency should promote the Dutch model of Cost-Benefit Analysis for infrastructure building, ensuring that the TENs are subject to such analysis.

10 Shipping: The Netherlands should make amends for its failure to ratify Marpol Annex VI by pressing for environmentally differentiated port dues and stricter emissions standards.

Setting the agenda

The European Commission will take office in the last quarter of 2004, developing a work-plan to guide its five-year term. The Dutch government is planning a series of agenda-setting conferences to influence the new Commission's thinking. If done properly this could provide the Commission with a significant knowledge resource and an indication of political will in the EU.

In the field of transport, the most important of these events will be the October high-level conference, 'Energy in motion'. Although the conference is to focus on technology, we welcome the intention of the Dutch

government to look beyond technology.

It is essential that the conference develops concrete recommendations to the Commission on promoting energy efficiency and new vehicle/fuel technologies. These should be more than just a set of the "lowest common denominator" to which everyone can agree.

The review of the Common Transport Policy White Paper is due to begin under Dutch guidance. The Netherlands therefore has a real chance to influence the development of the EU's transport blueprint.

Key tests of Dutch success in this area:

- Ensure the 'Energy in motion' conference results in ambitious environmental goals for the transport sector.
- Ensure that the **Common Transport Policy** review places all citizens at the heart of transport policy.
- Pressurise the Commission to keep the promises it made in the CTP white paper and publish the work it has already done on **infrastructure pricing** in Europe.
- The Commission put forward an amended proposal on **public service requirements in awarding public transport contracts** (COM(2002)107) in 2002. This is an opportunity to raise social and environmental standards in public transport across Europe; while allowing individual competent authorities to set stringent standards. It is time this regulation is adopted.

Getting the prices right

The European Commission promised a framework directive on transport infrastructure charging in the CTP White Paper. It was to provide the legal basis for a charging system of European transport infrastructure applying the user / polluter pays principle. Unfortunately, the Commission has reneged on this commitment and has now stopped work on the directive altogether.

There is therefore much resting on the Eurovignette directive revision. It will be up to the Dutch government to secure final agreement. It is essential that this includes three crucial principles: member states must be allowed to charge for external costs; they should be allowed to levy charges on all roads in their territory; and they should not be forced to earmark revenue, instead being allowed to spend it as they see fit.

T&E is interested in the Dutch presidency's idea of guaranteeing a minimum level of maintenance on charged roads, as maintenance is presently one of the most pressing transport infrastructure problems.

Key tests of Dutch success in this area:

- Pressurise the Commission to **keep its promises**: deliver the communication on methodology of infrastructure pricing, then the framework directive on transport infrastructure charging.
- The **Eurovignette** directive revision must reflect **three crucial priorities**:
 - **No earmarking** of revenues: member-states should be able to make their own decisions about how to use money from the Eurovignette.
 - **No restrictions on network**: Countries should be able to charge for use of the whole network.

- **All external costs can be charged:** member-states should be allowed to charge for environmental and external costs of transport if they see fit.

Climate and energy

Transport is Europe's climate villain. Other sectors of the economy are cutting or stabilising their emissions, but transport's continue to rise steeply. The most important issue in this area is the ACEA voluntary agreement. Europe's car-makers have promised to reduce their average fleet fuel consumption to 140g/km by 2008. This is to help achieve the Commission's stated goal of 120g/km, the additional 20g/km being expected to come from measures such as labelling.

The latest figures, from 2003, show an improvement of barely 1%, while 3% yearly is needed to achieve the 140g/km promised by ACEA. The Netherlands should encourage the Commission to come up with additional measures to achieve the target as quickly as possible. Crucially, it should also develop a longer-term strategy to lower emissions. In-car extras, such as air-conditioners, should be included in post-Acea agreement targets.

It is worth pointing out that technical improvements, while crucial, will not alone achieve a real reduction in greenhouse gas emissions: for that, improved driving behaviour and lower car-use will be essential.

Key tests of Dutch success in this area:

- The Netherlands should encourage the Commission to come up with **additional measures to achieve the ACEA target**, such as fiscal instruments.
- The Presidency should use the opportunity afforded by its 'energy in motion' conference to develop a **longer-term strategy to achieve a 120 g/km target**.

Aviation

The second half of 2004 will be critical for Europe's ability to decide for itself how to deal with aviation's environmental problems. The International Civil Aviation Organisation (ICAO) Assembly (28 September - 8 October) will be crucial in deciding aviation's future in Europe. This is not an exaggeration: certain interests look set to try to limit the ability of blocs like the EU to charge aviation, although it is presently allowed. Should this happen, Europe would lose the right to charge fair prices for aviation in its territory; a matter not only of environmental concern but also of sovereignty.

On the EU-US bilateral agreement, T&E is worried that the Presidency does not take the matter as seriously as warranted. Besides the important issue of More issues are at stake than entry of EU carriers into the US market; notably the non-discriminatory introduction of economic instruments to US and EU carriers.

Key tests of Dutch success in this area:

- At the **ICAO Assembly** the Netherlands should ensure that the 41 ECAC Member States form one block to preserve freedom for states and regions to introduce economic incentives in aviation, if they wish.

- On the **EU-US bilateral agreement**, the Dutch Presidency should ensure that the EU's right to tax or charge all flights in Europe as it wants is preserved; in a non-discriminatory way, as provided for in Article 15 of the Chicago Convention.

- The Netherlands should **support the UK idea of introducing EU emissions trading linked to fixed sources** (which the UK says it plans to introduce in its 2005 presidency). It should therefore organise an informal event on this topic to raise awareness of the possibilities such an approach would generate.

Shipping

Ships do have some environmental advantages over other transport modes, but they cannot claim to be environmentally friendly as long as there are no incentives to reduce emissions to air, or sanctions to prevent pollution offences.

Emissions from land-based sources have gone down, and are expected to continue to drop, while those from shipping are showing a steady rise. By 2010, under national emissions ceilings requirements, sulphur and nitrogen oxide emissions from shipping will approach the same levels as the EU total from land-based sources.

Shipping will thus contribute increasingly to damaging 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 clearly be needed.

Global action under the International Maritime Organisation has so far yielded few results. The first step must be to ensure legally binding EU rules to set minimum fuel and/or emission standards. Economic instruments, such as differentiated charges, will also be needed to bring about the necessary reductions more swiftly.

Also needed are more instruments to reduce all forms of marine pollution; for example, sanctions for pollution offences by operational and accidental discharges.

Inland waterways are a useful source of transport. However, it is crucial that they use clean vessels. It is also important that the extension of infrastructure for inland waterways undergo environmental assessments and minimise the negative impact on habitats.

We were disappointed that the Netherlands failed to ratify annex VI to the Marpol convention, leaving the state of Samoa to ratify for it to enter into force and end the use of extremely high-sulphur bunker fuel in the Baltic. The Netherlands can atone for this omission by asking the Commission to come forward with proposals to differentiate port charges.

Key tests of Dutch success in this area:

- Ask the Commission to come forward with proposals to **differentiate port charges**.
- Ask the Commission and CCNR to come up with **stricter proposals for future emissions from inland waterway vessels**.
- Provide leadership on environmentally **differentiated market-based instruments** for EU waters.

- Ensure an **effective systems of sanctions** for marine pollution offences is introduced to protect EU waters from operational and accidental discharges.

Health and quality of life

Urban transport problems are burning issues for the three quarters of Europeans living in cities. Poor transport is a serious constraint on quality of life.

The 6th Environment Action Programme requires a thematic strategy on the urban environment, including transport. The Commission is presently preparing this, with a view to finalising comprehensive stakeholder discussions by the end of 2004. Cities are Europe's engines of social and economic development and we encourage the Presidency to follow developments actively. For reasons of congestion, health and social inclusion, we urge the Netherlands to encourage the Commission to prepare a thematic strategy that promotes urban areas being reallocated to reduce space for cars and promote public transport, cyclists and walking. The Netherlands has held a series of meetings on urban transport in the new member states, in advance of its presidency as input to its October 2004 'energy in motion' conference. We encourage the Presidency to use the results of this work.

In addition, the Dutch Presidency also has the chance to promote health in the EU. To this end, it is important to ensure strict Euro V and Euro VI standards as soon as possible; but equally important to have legislation in place that effectively regulates emissions of ultra-fine particles. Furthermore, Europe needs special treatment for its sensitive areas.

Key tests of Dutch success in this area:

- Ensure the **thematic strategy on the urban environment** contains strong commitments on urban transport; bearing in mind the need for environmental targets for transport.
- The Netherlands should push the Commission to come forward with a proposal for **sensitive and/or critical areas** in which member states may take extra measures to improve the environmental situation
- Dutch leadership to **urge the Commission to study use of conditionality**; meaning that members failing to improve air quality risk losing the right to certain

funds. There is no reason to use EU money to support practices that damage human health unnecessarily.

- **Ensure stringent Euro V and Euro VI standards**, particularly limiting the amount of particulate matter from cars, both petrol and diesel. Ultra-fine particles should receive particular attention.

- The Netherlands should encourage the Commission to begin developing a set of **social indicators** for the transport sector.

Investment

The EU's Financial Perspective, 2007-2013 is under discussion during the Dutch Presidency. As this will set the EU's financial direction, it is advisable that the Dutch government seriously study the proposal and use its political will to ensure the most environmentally sensible, socially just and economically rational use possible of European taxpayers' money.

The Netherlands has had good experience with cost-benefit analysis (CBA) of infrastructure projects since 2000, and they have done great good, improving efficiency in transport spending. We urge the Netherlands to use this experience to push for obligatory CBA for infrastructure projects paid for with EU money. Investments made into transport infrastructure without comprehensive CBA are at risk of harming the future development of the EU and its economy, as the costs are often higher than expected, with lower benefits.

In addition, the Netherlands has discovered that timely maintenance of existing capacity is crucial. This is a lesson it could usefully export across Europe.

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).

Key tests of Dutch success in this area:

- Ensure the **TENs projects** fulfil all EU environmental requirements, including the SEA directive.
- Take a **financially sober approach to transport investment**, requiring evidence of the added value of each Euro invested in TENs projects. EU funding for the TENs must not become a priority in itself.
- As a result, push for obligatory **cost-benefit analysis for infrastructure projects** using EU money.

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 Dutch Presidency can make a difference. This includes a series of concrete recommendations which together provide a coherent vision for a sustainable European transport policy. **This paper has the T&E publication number, T&E 04/4.**

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 some 40 member organisations covering 20 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.