



Memorandum

To the Presidency of The European Council

GREEK PRESIDENCY: The Context

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

After the Spanish and Danish presidency, which have made little progress on further integrating the environment into transport, Greece now has the chance to pick up on the advances in sustainable development that were made during presidencies in 2001 and earlier.

Developments in 2001 raised transport policy high onto the European political agenda. The adoption of the sustainable development strategy by the European Commission and the conclusions from the Gothenburg summit together 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, as preparation for an informal transport and environment council on 14/15 September; only the second such meeting since the one organised by the UK presidency in 1997.

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

What Spain and Denmark shared was an interest in infrastructure programmes, such as the "Single Sky" that will significantly worsen the overall environmental performance of transport. Instead of promoting these and other supply-driven policies, the Greek Presidency can now bring an enlarged Europe closer to the guiding principles of sustainable transport policies, i. e. the reduction of transport, a shift towards more environmentally sound modes and the promotion of intelligent transport technologies.

Particularly in relation to the CTP, the Greek presidency has the rare opportunity to leave its fingerprints on future transport policies. Although the White Paper is to set the EU's transport agenda for the next ten years, it is so flawed that the informal transport and environment Council, which met a few days after it was adopted, said that transport policies needed measures going beyond the White Paper if Europe is to have sustainable transport. It will be up to the Greek Presidency to ensure that the White Paper is significantly improved, to take account of both the requirements of the Amsterdam treaty and the Gothenburg conclusions.

Recommendations

General

- We urge the Greek Presidency of the EU to press for measures to change the **Common Transport Policy** which, in line with the Gothenburg summit conclusions, has as its main goal to significantly decouple transport growth from economic growth. This will require demand management.

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

- Greece should co-operate with the Commission to ensure that the actions on **urban transport** identified by the White Paper are developed into legislative standards to which national and local authorities must comply.

- T&E calls upon the Greek Presidency to strengthen the provisions of the proposed regulation on harmonisation of **social legislation related to road transport**.

- **Noise**: The noise framework directive 2002/49/EC on assessment and management of environmental noise requires by the start of 2004 that the Commission reviews existing Community measures relating to sources of environmental noise. We urge the Greek Presidency to ensure that Commission will carry out a review of the noise framework directive as soon as possible.

Enlargement

- Concerning the Transport Infrastructure Needs Assessment process (**TINA**), Greece should press for environmentally friendly funding schemes that reach beyond the standards of the current Instrument for Structural Pre-accession Aid (ISPA).

- Regarding the TEN-T and TINA networks, the Greek presidency should now ensure that transport ministers and the Commission give up their reluctance to implement the **Strategic Environmental Assessment** (SEA) and follow the Parliament's lead. SEA methods need to be applied to all network extensions. These clear application guidelines will also help the TENs contribute to the CTP objectives, including those relating to modal shift.

- We urge the Greek Presidency to apply serious consideration to articles 2, 6 and 95(4) of the **Amsterdam Treaty** and to ensure that the amendments on the SEA, which were adopted by the parliament during the revision of the TEN-guidelines are clearly applied.

- The Greek Presidency should put pressure on the **European Investment Bank** to apply the EU's Sustainable Development Strategy in the lending requirements. It needs to ensure that funds are primarily used for upgrading existing rail infrastructure rather than for new large-scale infrastructure projects.

Infrastructure Charging

- The Commission was asked to propose a **framework directive on transport pricing** in 2002. This did not happen. Instead we may expect a consultation paper on this issue at the beginning of the Greek Presidency. In order to enable all member states to apply the polluter pays principle, Greece ought to ensure that the Commission no longer delays this strategic dossiers and incorporates ecological charging schemes in its final proposal for the Framework Directive.

Aviation

- We urge the Greek 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.
- The Greek Presidency should ensure the directive on **noise** from airports is expanded in scope to include all of Europe's affected citizens.
- Greece 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

- Greece should ensure that the Council position embraces ambitious targets, and move more in line with the European Parliament's position in conciliation, on the Directive on Assessment and management of **environmental noise**.
- The Greek Presidency should co-ordinate member states' actions to improve the Commission's proposal on **Biofuels**, to ensure that they take into account the way in which these are produced.
- It is possible that the Commission will adopt proposed legislation on **tunnel safety** during the Greek Presidency. If so, Greece should treat it seriously, in light of the spate of tunnel accidents during the past years; and should ensure that such a proposal 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.
- Greece should work towards a Council position on the forthcoming proposal to revise directive 1999/32/EC on the **sulphur content of liquid fuels**, in order to establish strict limits for the sulphur content of marine bunker fuels.
- We call upon the Greek 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, 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 Greek 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.

- Greece should support a sustainable transport policy for all sensitive areas to **replace Ecopoints** in Alpine traffic. Such a policy should include a kilometre charge for heavy goods vehicles according to the Swiss HVF, the better use of existing rail infrastructure through sensitive areas, a maximum level of trucks transiting sensitive areas, high safety requirements for tunnels and trucks as well as a night ban for trucks.

The 4 issues of greatest importance in the first half of 2003

Amongst the abovementioned recommendations are four dossiers of particular importance for the Greek Presidency. These are the Revision of the TEN-Guidelines, the forthcoming Framework Directive on Infrastructure Charging, the Commission Strategy on Air Pollution from Ships, and the Commission Communication on the Taxation of Passenger Cars in the EU. Below, a brief introduction into these issues including recommendations to the Greek Presidency is given. In addition, T&E provides more detailed information on all of these dossiers in its reports, fact sheets and press releases available at <http://www.t-e.nu>.

Revision of TEN-Guidelines

As part of the TEN-T network, transport infrastructure must of course comply with all provisions of the Treaty of Amsterdam especially Articles 2 and 6 (commitments to sustainable development and the integration of the environment into other policy areas).

The amendments to the Commission's revised TENs-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, rather than duplicate the member states' obligations to carry out an SEA of TEN-T projects on their territory. This would involve overall co-ordination of environmental aspects 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, underlined by the commitments made in a number of international fora such as the Vienna Declaration of 1997, the 1999 London Charter on Transport, Environment and Health, as well as commitments entered into within the Århus Convention.

We therefore call upon the Greek Presidency to:

- **Support** the European Parliament amendments regarding the need to undertake an SEA of the TEN-T. This would very clearly demonstrate the commitment of Transport Ministers to honour governmental obligations on this issue.
- Take a **precautionary approach** to possible implementation of priority projects listed in Annex I of the Commission proposal, and we would recommend a careful examination of the list against environmental and ecological criteria, including the use of new information arising out of the recent flooding events.

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.

Despite the history and the White Paper's promise, the framework directive has still not been proposed at the end of 2002. Furthermore, the Commission wants first to undertake a stakeholder consultation with a communication on the methodology of pricing and the internalisation of external costs. This communication has been announced for June 2002 but by the end of 2002 by the end of 2002 it has still not been published.

The current pricing signals give wrong incentives to transport users and make the transport system inefficient. Huge costs related to emissions, accidents, congestion or maintenance are not paid by the transport users but by Europe's citizens. Therefore, transport is too cheap and the demand for transport too high. The external costs are not evenly balanced among all transport modes. Most of them arise in road transport and aviation. Thus the competition between transport modes is distorted.

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

T&E now calls upon the Greek Presidency to:

- Put pressure on the Commission to present the **communication for stakeholder consultation** immediately and to present the framework directive on transport infrastructure charging in the first half of 2003.
- Ask the Commission to propose **daughter directives for all transport modes** (including road passenger and aviation) thereby allowing the Member States to implement the user and polluter pays principle. Moreover, the Eurovignette directive for heavy goods vehicles has to be amended immediately.

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. Once member states have fulfilled their commitments in accordance with national emissions ceilings directives, by 2010 the emissions of sulphur and nitrogen oxides from shipping will approach the same levels as the EU total from land-based sources. Shipping will thus be contributing ever more to the damage to health and the environment from air pollution. 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 regarded as a sort of free zone, exempt from modern environmental restraints. Neither member states nor the shipping industry seem to have realized that up-to-date environmental standards 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 so long as they go on polluting the air with their great emissions of sulphur and nitrogen oxides.

Global action under the International Maritime Organization has so far yielded little in way of results. To get emissions down within a reasonable time, as well as to put pressure on the global negotiating machinery, moves will have to be made both at the national and EU level. 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 to supplement those rules.

T&E calls upon the Greek Presidency to:

- Work towards a Council position on the strategy on air pollution from sea-going ships which results in **EU action and international leadership** for the development of cleaner and more environmentally sustainable shipping.
- Ensure that the Commission proposal to revise directive 1999/32/EC on the sulphur content of liquid fuels, establishes the strictest possible limits for the **sulphur content of marine bunker fuels**.
- Provide political leadership on environmentally differentiated **charging schemes** in EU waters, so that the forthcoming Framework Directive on Infrastructure Charging is soon followed by a Daughter Directive on waterborne transport.

Taxation of passenger cars

The European Commission is currently calling for significant changes in the way passenger cars are taxed. In general, the Communication on the Taxation of Passenger Cars in the EU carries a potential to make

transport more sustainable, because it allows for charging the actual use of cars. The Commission calls for the abolition of car Registration Taxes (RT) in favour of higher Annual Circulation Taxes (ACTs). It argues that “vehicle tax bases need to be restructured in order to establish a more direct relation between taxation levels and the CO₂-emissions of new passenger cars. Both RT and ACT should be turned into entirely CO₂ based taxes, or at least a CO₂ sensitive element should be added to both of them”. Because of its consideration of CO₂ efficiency and charges on the actual use of cars this Communication clearly needs to be welcomed. But there are also a number of environmental problems that DG TAXUD does not capture with the fiscal measures it suggests. Particularly, the ever-growing number of cars in urban areas, as well as an ever-increasing amount of land that is being dedicated to road transport infrastructure are two completely neglected issues. Therefore, we argue that a harmonised car taxation as it is proposed by DG TAXUD ought to address at least two problems: on the one hand it needs to charge car-use based on emissions, and on the other hand it needs to 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*, and not just replace it. A full internalisation of all environmental costs of cars must recognise the problems that result from the ever-increasing total amount of cars on Europe's roads.

Therefore a taxation system is needed that restricts both private user- and ownership by making sure that road passenger transport pays for its external costs.

In order to ensure that road passenger transport pays properly for the hazards it inflicts upon human health and the environment, the Council ought to ensure that any regulation on car taxation:

- Considers the long awaited Framework Directive on infrastructure charging and avoids inconsistent legislation on internalising the external costs of road transport.
- Provides 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.

- Charges both the car user and the owner. In order to promote more environmentally sound motorised transport, the Commission should not abolish Registration Taxes, but reform them. It should introduce a way to levy vehicle taxes in such a way that they comprise two components: one that charges the actual use of cars and another that charges private car-ownership. While the former must be based on emissions, the latter ought to refer to the land that is used for road transport.

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

The Danish Presidency did little to promote sustainable transport. Two issues are particularly illustrative of Denmark's reluctance to develop a more (pro)active stance towards integrating environmental concerns into European transport policies.

First, the Danish Presidency did not ensure that the Council developed a common position on the revision of the TEN-guidelines. It missed the chance to follow the Parliament's position, and **a)** to convince Member States that an SEA for TEN-T and TINA Networks at Commission level is the most appropriate way to handle the strategic environmental assessment of European infrastructure projects; and **b)** to reach agreement on the Annex concerning priority projects by making sure Community interests are properly guarded.

Second, it almost failed to pursue the Cardiff Process of integrating environmental concerns into European policies. A lack of clarity on the the Process led the Danish Presidency to nearly miss reinstating more progressive environmental language into the draft resolution and failing to promote a constructive Council Resolution building upon progress made so far. Had it been adopted in its premature state it would have reversed the gains made over the past few years in integrating environmental concerns into transport policy.

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 Greek 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 in 1989 as a European umbrella for organisations working in this field. At present, T&E has 41 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.