

# EU Policy - Intermodality and Logistics -

## Introduction:

The creation of a single transport market is one of the major tasks of the European Union. Intermodality and logistics play a central role in achieving this goal. Road transport is the dominant mode for freight transport in Europe at present.

First, it is essential to realise that the alternative modes of transport, such as short sea shipping, rail and inland waterway, have to function themselves at least as efficiently as road transport, if they want to increase or maintain their share in the market. Otherwise, there will not be modal shifts to these non-road modes. Therefore, our policies for the alternative modes have been, and will continue to be, focussed on improving their performance. A centrepiece for this policy is market opening. This has been largely successful for maritime transport and inland waterway. More remains to be done for the rail sector.

Second, as announced in the Commission's White Paper on Transport<sup>1</sup>, specific measures to improve the integration of the modes are developed. Their main is to improve the quality of intermodal transport. The five main initiatives are:

- The Marco Polo Programme: Kick-start new and innovative industry actions, which make the difference to European intermodal transport  
- *Adopted by Council and European Parliament on 22.07.2003.*
- Standardisation of loading units: "One box for all modes"  
- *Commission Proposal on 07.04.2003.*
- Freight Integrators: An action plan for integrated freight transport serving the logistics chain *and* society – *Communication from the Commission scheduled for end 2003.*
- Support to intermodal logistics research (FP5, FP6): - *First selection round under FP6<sup>2</sup> completed before summer 2003.*

<sup>1</sup> White Paper from the European Commission – European transport policy for 2010: time to decide COM(2001)370 of 12.09.2001

<sup>2</sup> Sixth Framework Programme for Research, Technology and Development of the European Commission (2002 to 2006) – OJ(2002)L232/1 of 29.08.2002 and [http://europa.eu.int/comm/research/fp6/index\\_en.html](http://europa.eu.int/comm/research/fp6/index_en.html).

- Intermodal transport security: A common approach to all modes of transport – *Commission Directive planned for end 2003.*

This list shows that the Commission is pursuing a mixture of regulatory, promotional, and financial measures to achieve more sustainable modal shifts.

Note that additionally a very pro-active and generous State aid practice for intermodal transport has been developed. This should encourage Member States and regions to also act on their level, because it is clear that acting on the European level alone will not suffice to achieve a break-through in intermodal transport.

### **The Marco Polo Programme:**

In February 2002, the Commission has proposed the Marco Polo Programme (2003 to 2010). Council and European Parliament have adopted it on the 22 July 2003. This programme extends significantly the scope of the predecessor programme PACT, from combined transport of containers to **a wider concept of intermodality.**

The Programme's objective is to make the term "intermodality" a reality, by helping entrepreneurs to realise innovative and ambitious intermodal projects, which will change the way intermodal transport is being performed in Europe. In fact, the quantifiable overall objective of the Programme is to shift the entire increase in international freight transport, namely 12 billion tonne\*kilometres per year (for EU15), to short sea shipping, rail and inland waterway.

If the alternatives to road freight want to play a larger role in the supply chain, they will have to further improve their quality and performance. The discussions with Parliament and Council have been fruitful. The political support to implement the Programme has been very large.

The Marco Polo programme is also a suitable framework to develop and apply the concept of "motorways of the seas" to decongest Europe's road system.

In general, Marco Polo provides subsidies to international transport services shifting freight off the road. RTD, infrastructure or study projects are not supported. Only commercial undertakings may apply, - administrations are not eligible. Coun-

tries eligible to participate are in principle EU Member States, the Candidate States, and countries within EFTA<sup>3</sup> or EEA<sup>4</sup>. Selection of projects is done exclusively through calls for proposals followed by competitive evaluation.

The Programme supports three types of actions:

- **Modal shift actions:**
  - Robust, but not innovative: - *just shift freight off road*
  - Subsidy of 1 € per 500 tonne\*kilometres shifted
  - Minimum subsidy threshold EUR 0.5 million; Subsidy rate up to 30%
  - => at least 250 million tonne\*kilometres shifted per contract; up to 3 years.
- **Catalyst actions:**
  - Overcome structural market barriers
  - Highly innovative: - *causing a real break through*; up to 4 years
  - Minimum subsidy threshold EUR 1.5 million; Subsidy rate up to 35%.
- **Common learning actions:**
  - Improve co-operation and sharing of know-how
  - Mutual training: - *coping with an increasingly complex transport and logistics market*; up to 2 years
  - Minimum subsidy threshold EUR 0.25 million; Subsidy rate up to 50%.

Further details on the guidelines are available on the Marco Polo web site [http://europa.eu.int/comm/transport/marcopolo/index\\_en.htm](http://europa.eu.int/comm/transport/marcopolo/index_en.htm). Full guidance on how to apply for funding will, however, only be available in a call for proposals. The publication of the first call for proposal to the Marco Polo Programme is currently scheduled for end of September 2003.

### **Standardisation of Intermodal Loading Units (ILU):**

In order to improve the efficiency of the intermodal transport chain, the Commission has proposed in May 2003 a **Directive of the European Parliament and the Council on Intermodal Loading Units**<sup>5</sup>. A loading unit, which is better suited

<sup>3</sup> European Free Trade Association <http://secretariat.efta.int>

<sup>4</sup> European Economic Area [http://europa.eu.int/comm/external\\_relations/eea](http://europa.eu.int/comm/external_relations/eea)

<sup>5</sup> Proposal for a Directive of the European Parliament and the Council on Intermodal Loading Units, COM(2003)155 final of 07.04.2002; [http://europa.eu.int/comm/transport/intermodality/lt\\_28\\_en.html#harmonisation](http://europa.eu.int/comm/transport/intermodality/lt_28_en.html#harmonisation)

for all modes – road, short sea shipping, rail and inland waterway, is of particular importance for the supply chain. Its use will not be mandatory. However, it will have a strong effect on the performance of the overall transport chain, and at the same time drive down logistics costs. It is hoped that the logistics industry will see the benefits of such units, and finally will use such units widely.

### **Freight Integrators:**

In this context, Europe's transport users, and especially those wanting to use intermodal transport, ***need truly intermodal freight integrators***. These freight integrators must respond to the need of door-to-door high quality freight transport in line with modern logistics requirements. The integrators should be able to rely, for each transport order, on the optimal combination of modes, and the road transport involved in these chains should be as short as possible.

### **Intermodal Logistics Research:**

Research has a key role to play in better understanding and influencing logistics and intermodal transport policy.

Research is a medium to long term effort. Indeed, 18 research projects funded under the Fifth Framework Programme for RTD (1998 to 2002) are currently still active. Total project costs are EUR 42 million, of which the European Commission funded EUR 27 million. Key areas are intermodality, logistics and security.

Meanwhile, a first selection round has already been carried out under the new Sixth Framework Programme for RTD (2002 to 2006). Proposals for two tasks were invited: (1) Freight transport corridors and (2) City logistics. A total of 24 proposals have been received, of which 2 were finally selected for a total budget of EUR 10 million.

### **Intermodal Transport Security:**

The proper functioning of the logistics chain requires ***well-performing information and communication systems***. Thus, means of transport synchronise their activities and the transported goods reach their destination on time and in full transparency of information.

The European Union supports such developments in many different ways, in particular within the framework of *the Galileo Programme*<sup>6</sup> for satellite navigation. The application of this Programme, in terms of positioning, is wide-ranging and concern a number of industrial sectors.

A performing information system is also at the heart of our initiatives to increase transport security. The ongoing policy actions concerning transport security should not be an ad-hoc reaction to terrorist or other criminal activities. Of course, the impact of security measures on supply chains must be duly taken into account. But, more positively, we should take this necessary exercise as an opportunity to make the whole transport chain safer, more secure and more transparent. This will especially require **an intermodal approach to security**, and an extra effort on the performance of information systems. I know that the supply chain, as client of the transportation providers, is eagerly waiting for such a system. We can use the security initiatives to speed up this development with the help of the logistics sector.

Finally, despite some commercial set backs, **e-commerce** is here to stay, and is continuing to grow. The transport and logistics sector is currently discovering and developing the enormous possibilities and challenges of this powerful tool. We will have to ensure that intelligent use of e-commerce will lead to sustainable transport patterns and excellence in transport demand management.

### **Conclusion:**

Transportation policy should be a policy for the supply chain, and supply chain parties should play an active part in this. All the transportation issues that have been mentioned have an effect on the overall performance of the supply chain. The logistics sector was invited in the past, and is indeed continuously invited to help shape the policies that the European Union is developing and implementing.

The input of users and ultimate shapers of transportation systems is essential to successful policies. Based on formal consultation of all parties concerned, but also based on practical experiences and contacts with our contractors, transport associations and through feedback at conferences and publications, the Commission

<sup>6</sup> Galileo [http://europa.eu.int/comm/dgs/energy\\_transport/galileo/index\\_en.htm](http://europa.eu.int/comm/dgs/energy_transport/galileo/index_en.htm)

is pursuing the development and implementation of a policy on intermodality and logistics, which fights congestion and is beneficial to the environment while supporting economic growth, i.e. a policy which is not only beneficial to the transport sector, but to society at large.