

PositionPaper

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EU White Paper on Transport: enabling a competitive and sustainable internal market for industry

The European Commission published in 2011 a comprehensive strategy (Transport 2050) for a competitive transport system that aims at increasing mobility, removing major barriers in key areas and fuelling growth and employment. These proposals aim, at the same time, at dramatically reducing Europe's dependence on imported oil and cutting carbon emissions in transport by 60% by 2050.

CEPI supports the main objective of the White Paper, which is to achieve a sustainable development of transport in Europe

The EU White Paper objectives of promoting competitive and sustainable transport solutions are shared by CEPI.

Sustainable and competitive solutions have to be identified and promoted if both transport growth and climate change challenges are to be met. Curbing mobility is clearly not an option.

Because environmental impact of transport matters, CEPI issued some carbon footprint guidelines in 2010, with the goal of helping companies assess the carbon footprint related to the transport of their finished products and raw materials. Thanks to its leadership in bioenergy production, the pulp and paper industry is also well positioned to become an important player in the second generation biofuel production field in the near future.

High quality and cost-efficient transport is a key competitiveness factor

Transport is a vital component of the economy and a driver of EU integration. Transport is the perfect example of what the European dimension can bring. One cannot look at transport and logistics in an isolated way or with a national perspective only. A well-functioning and regionally balanced and open European market should be the basis for the European transport policy.

Mobility of goods and persons is an essential component of the competitiveness of industry. Transport is a “non-value adding” but needed service for paper companies. Globalisation and increasing competition in world pulp and paper products’ trade are increasing customers demand for a fast and just-in-time delivery of goods. To fulfil those demands and remain competitive, companies are dependent on user-oriented, cost-efficient, high-quality and reliable transport companies and networks. The industry therefore requires a wide range and choice of competitive transport options to meet its existing and future needs. In the end, productivity in terms of price, quality, reliability and sustainability will decide on the utilisation of the various modes.



That is why it is essential to base transport policy on the needs of the users, to consider the entire transport and logistics chain and to place it at the centre of the current and future EU strategy.

Global competition and environmental challenges require global measures

The EU objectives related to transport sustainability are extremely ambitious and without equivalent on the scale of a continent. The European paper industry is competing on global markets, facing competition from companies in emerging countries, where environmental and social standards are much lower. The global perspective should be taken into consideration. Promoting global solutions is the right way. The EU is not an island.

There are many objectives and goals for 2050. Long term targets are necessary but they require the setting of realistic and workable short and medium term objectives and concrete proposals to allow smooth and affordable transitions.

A lot of effort has to be put into bottlenecks, cross-border transport and the removal of unnecessary regulatory, administrative and technical barriers in all modes of transport. The completion of the EU Single Market is a prerequisite to get cost-efficient and sustainable transport but it should not result in an alignment on the most expensive and burdensome solutions.

Although legislation and standardisation can help sustainable mobility, market has to play its role. Market-based instruments are welcome but voluntary initiatives should be supported when they exist.

All modes of transport should have their efficiency optimised and co-modality should be further promoted

The promotion of co-modality is a positive thing, as well as the objective to make rail, shipping and inland waterways more attractive. The question is how to do it. So far, the main way has been to make road transport more expensive, which has been an unsuccessful strategy as alternative transport solutions are uncompetitive most of the time or simply unavailable. All transport modes should have their efficiency pushed to their optimum. Improvement of the infrastructure, investments in co-modality platforms, innovative and competitive offers to shippers are the right way. Penalising is not; incentivising is.

Forcing modal shift - from road to rail or shipping - is not an option, as long as viable and better alternatives are not available for companies. Road transport is, in general, the most efficient mode of transport when considering short distances and, for sure, the last miles, as acknowledged by the EU Commission. However, the setting of an artificial distance - 300 km for instance - above which freight transport has to be shifted from road to other modes of transport is nonsense. Depending on the area, the product and the transport solutions available, there is often no affordable alternative to roads.

Weight and dimensions is an issue that has to be addressed concerning road transport and trucks. Convergence towards higher capacity modules and vehicle' combinations within the EU should be promoted for the long-term. The use of the European Modular System, especially for cross-border trips, should be promoted for relevant infrastructure. Past experience shows this can be done safely, with no damage to the infrastructure and with reduced impact on the environment. The availability of skilled drivers should be secured.



The negative developments of rail freight transport over the recent years and particularly the lack of interest from railway companies for single wagons in many countries shall be addressed. The demand for single wagon-load services remains strong however, and could grow even further if it could be relied upon. The effective and non-discriminatory access to rail infrastructure is a key enabling condition. Dedicated competitive and modern rail freight networks and increased load capacity of wagons through a more sophisticated design would enhance rail freight attractiveness too.

Global solutions should be looked at as a priority, especially when considering shipping and shipping emissions reductions. The International Maritime Organisation is the right place to deal with sulphur and greenhouse gas emissions. The availability of cleaner fuels and abatement technologies should be a prerequisite.

Maintenance and investments in new infrastructure should be secured and financed in a transparent, cost-efficient and fair way

A lot of initiatives are listed in the White Paper, for which financing remains critical. Although it is quite natural to consider that users should contribute to it, contributions have to be fairly split between passenger transport and freight transport and between the various modes. Each one should contribute according to its relative importance.

Taxes and charges, particularly on road transport, should be set in a transparent, fair and proportional way. It should be used to cover the external costs of transport and secure the maintenance and further development of a modern transport network - the so-called “earmarking” principle, not to reduce governments’ budgets deficits. Existing road charges and fuel taxes should be taken into account before adding measures resulting in higher costs.

Innovation and the development of pollution abatement technologies should be supported. The promotion of biofuels is positive at EU and national level, provided that the biofuel production is made according to binding sustainability criteria in order to secure genuine overall sustainability.



The European pulp and paper industry case

Pulp and paper mills have to be close to raw materials, water and energy sources, and finished products often need to be transported lengthy distances to reach markets and clients within the EU or even overseas.

The European pulp and paper industry is looking for cost-efficient, flexible and sustainable transport solutions for the main challenges that it faces, i.e. congestion, increasing emissions and rising costs.

The European pulp and paper industry makes use of the three basic modes of transport – rail, road and water – but, as with many industry sectors, road transport is the main mode for European distribution. A vast majority of the yearly 300 million tonnes of the pulp and paper industry’s raw materials and finished products are transported by road in Europe. The service delivered by rail freight companies in most EU countries is defined by high costs, poor reliability and fragmented networks, a situation which continues to deteriorate. It is therefore not surprising that rail freight has lost market share to road transportation. Overall competitiveness in the maritime area has to be achieved through enhanced competition. Ports have to become poles for growth instead of potential transshipment bottlenecks.

Around 55% of road transport journeys are long distance trips, 30% are within a region and the remainder are local distance trips. Road transport provides flexibility in terms of departure time and destination and is the fastest mode of transport for distances up to about 500 km.

External logistics accounts for around 10% of the yearly turnover and further cost increases are expected in the coming years due to stricter safety standards, increasing social legislation and factors such as road pricing, Eurovignette and fuel taxation. Innovation, smart solutions and rationalisation in transportation and warehousing have therefore a great impact on the European pulp and paper industry’s profitability. Achieving a 5% cost reduction in the area of logistics can result in a 0.5% to 1% total cost reduction according to some estimates.

Five million tonnes of CO₂ emitted by the European pulp and paper industry are attributable to transport-related activities. This represents 0.4% of the total emissions related to transport in Europe. Any measure taken by the transport sector to reduce significantly its greenhouse gas emissions will decrease the transport footprint of the pulp and paper industry and improve its overall sustainability.

The European pulp and paper industry’s key priorities in the area of transport

Legislation development in the area of transport should support the competitiveness and sustainability of the pulp and paper industry and secure the basis for fair competition with non-European based companies. It is essential for the European pulp and paper industry:

- To secure sustainable transportation and mobility throughout Europe and in the world by ensuring a cost-efficient and high quality logistics network;*
- To promote fair competition between and within transport modes, to promote all modes of transport equally and to develop efficient logistical systems across Europe to allow companies to have the free choice of transportation modes and combination of modes;*
- To speed up the implementation of existing EU legislation. Cutting down on red tape and bureaucracy is a must when considering existing and future EU policies;*



- *For the European Commission: to accelerate the standardisation and inter-operability of transport equipment and systems throughout the Member States in order to increase productivity. Improvements are needed in technical, social, environmental, fiscal and safety areas;*
- *For Member States: to do more to facilitate intermodal connections both within national boundaries and across borders;*
- *To promote investment in infrastructure and infrastructure facilities and better use the existing infrastructure to remove bottlenecks and have available transit ways (Alps, Pyrenees, Baltic Sea, etc.), and target investments in key corridors. Infrastructure both in ports and hinterland connections requires urgent investment. Increasing financial means is crucial to the success of an EU transport policy;*
- *To promote best suited trucks, trains and wagons, ships, hubs and equipment available and benefit from modern and harmonised IT systems in order to allow constant control and supervision of the logistics chain;*
- *To secure that additional security measures don't result in substantial cost increases for the companies, imposing trade barriers within the EU and its Member States or creating distortion of competition with transport systems outside or at the border of the EU.*

Note to the Editor

CEPI aisbl - The Confederation of European Paper Industries

The Confederation of European Paper Industries (CEPI) is a Brussels-based non-profit making organisation regrouping the European pulp and paper industry and championing this industry's achievements and the benefits of its products.

Its collective expertise provides a unique source of information both for and on the industry; coordinating essential exchanges of experience and knowledge among its members, and with the industry stakeholders. Through its 18 member countries (17 European Union members plus Norway) CEPI represents some 550 pulp, paper and board producing companies across Europe, ranging from small and medium sized companies to multi-nationals, and 1000 paper mills. Together they represent 25% of world production.

Website: www.cepi.org/