

## Draft speech on "Greening the transport sector"

Ladies and gentlemen,

Climate change is undoubtedly one of the greatest challenges of the 21<sup>st</sup> century.

Europe has taken the lead and set itself ambitious targets: to increase energy saving by 20% and generate 20% of its energy from renewable sources, with the aim of cutting carbon emissions by 20% by the year 2020.

That the transport sector must also play its part in these efforts is clear. The figures speak for themselves: the sector is 97% reliant on oil and accounts for more than a quarter of the European Union's CO<sub>2</sub> emissions. In Europe, CO<sub>2</sub> emissions by the transport sector rose by some 30% between 1990 and 2005 and are set to rise by a further 15% by 2020. This is an increase three times as high as that produced by all other sources of CO<sub>2</sub> emissions put together.

Nevertheless, more than ever before, mobility remains a factor in social and territorial cohesion and is also a key condition for competitiveness and prosperity.

Therefore, **if we are not going to reduce mobility, we must make it sustainable.**

The transport sector's contribution to achieving our environmental targets must be based on an **integrated approach focusing on three main areas:**

- research and innovation in order to bring **cleaner vehicles and fuels** onto the market;
- taking advantage of the possibilities offered by intelligent transport systems – such as the Galileo satellite radionavigation system – to develop **intelligent mobility**;
- choosing the **most appropriate** and cleanest modes of transport: those that produce the least pollution and consume the least energy.

I will now look at each of these three points in turn.

### *Making transport cleaner*

Mobility must be increasingly based on the use of energy-efficient and clean vehicles as well as the use of alternative fuels (clean electricity, biofuels, natural gas, hydrogen and fuel cells).

This is why the EU has set itself the target of obtaining at least 10% of total energy consumption from sustainable biofuels by 2020.

And as far as vehicle emissions are concerned, successive "EURO" emission standards have already produced significant cuts: almost 40% in 15 years.

On the other hand, voluntary agreements with the automobile industry for **reducing average car CO<sub>2</sub> emissions** have not done enough, which is why the Commission was obliged to propose binding targets in December: average CO<sub>2</sub> emissions of 120 g per vehicle by 2012.

However, road transport is not the only area in which progress can be made. The rail sector must also play its part in delivering more sustainable mobility. It must work on its energy efficiency and the quality of the energy used to power its trains.

## *Intelligent mobility*

We must promote intelligent mobility and make full use of the possibilities offered by the Galileo satellite radionavigation system, which should be operational in 2013.

We are lucky to have ERTMS. Its deployment is a significant step forward in developing the interoperability and safety of the rail network. More and more ERTMS-equipped lines are being opened all the time. ERTMS must be an absolute priority for us all – the railway industry, the railway undertakings and the public authorities. It is a key factor in bringing about a real modal shift to rail.

ERTMS is a good example of an intelligent transport system. However, there are others, such as SAFESEANET for maritime transport and SESAR for the aviation industry.

For road transport, not enough progress has been made, which is why I intend to propose an action plan by this summer aimed at deploying intelligent transport systems (ITS) in the road transport sector.

## *Charging - Promotion of the most suitable and cleanest modes of transport*

I attach great importance to our work on **smart charging**, which will allow a better reflection of the true costs of the different modes of transport.

Rail will be the prime beneficiary of taking pollution into account. My services are evaluating possible strategies for internalising external costs (climate change, pollution, noise, accidents, congestion) in transport prices.

In mid-January I published a handbook of the methods for calculating these external costs, devised by well-known research institutes. We also organised a conference on this subject on 31 January.

For my part, I have drawn two important conclusions from these:

- there are methods for calculating the main external costs and these methods are relatively well-tried in the case of road transport;
- these external costs vary according to the situation. A lorry causes five times more pollution and congestion in town than in the open country (!) but pays no tolls there (as opposed to the train, which has to pay railway charges).

These conclusions suggest that the present tax system for road transport is inappropriate. It is based essentially on fuel and vehicle taxes which do not make these distinctions.

The first thing to do is to revise the Directive on tolls applicable to lorries to make more use of other instruments such as distance-based charging. I intend to present a proposal to this effect to the College in June 2008.

The present Directive restricts lorry tolls to infrastructure costs alone. Mark-ups are not allowed except in mountain areas under specific conditions. So because of this Directive, Member States do not have the right to internalise the external costs of lorries in tolls!

This is an unsatisfactory situation, since it is blocking reform of the taxation of Member States' road systems. The June 2008 proposal will make it possible to break this barrier.

I also want the revenue from these mark-ups for reflecting external costs to go into sustainable investments, which will certainly help infrastructure financing.

As regards the **railways**, I would like to highlight their potential for combating climate change. For this we have to encourage the modal shift to rail in the congested corridors and along the major goods transport routes. This is a challenge which rail has to take up by improving the quality of its services and by developing a true business spirit in a market now open to competition. Last October the Commission proposed developing "priority freight" lines to promote the shift.

Rail also has to cut down its noise pollution, especially the noise from goods wagons. We are now working on a proposal to modernise these wagons, replacing the noisy brake shoes they are fitted with.

### ***Rail infrastructure management***

Railway infrastructure managers need to be more **market-oriented**, which will be helped by independence of management. We have to open up the network to several railway undertakings and provide better quality of service at reasonable prices. Operators and carriers require a predictable and stable framework for providing new services and therefore need to have the assurance that their investments will not be lost.

The "acquis communautaire" suggests the use of multiannual contracts between railway infrastructure managers and governments to meet this objective. We have observed some good examples where this mechanism has been implemented. In its recent Communication on the subject, the Commission recommends applying it more broadly and also indicates the main elements to be adopted in concluding such contracts.

### **To sum up**

I have committed myself to the development of sustainable mobility compatible with environmental protection, the fight against climate change and economic use of energy resources. This strategy will be centred on technological development and innovation and choosing the least polluting modes of transport.

Rail has a very important role in this. But the railway industry itself must play a part to consolidate the new revival which is emerging after the decline of recent years.

We must not forget that combating climate change and other environmental problems is a challenge for all of us: political and economic deciders and the man and woman in the street.

I am counting on you!