



24 June 2019

## Priorities for the EU transport sector beyond 2019

*With this strategy paper BusinessEurope sets out its priorities for the future of transport policy in the new political cycle. Overarching priorities covering all modes of transportation are addressed first, after which specific priorities for each mode of transport are set out. **Please note that BusinessEurope has released a separate strategy paper on zero- and low-emission mobility to complement the transport priorities addressed within this paper.***

### Key messages

1. **Holistic approach:** As the mobility ecosystem is becoming increasingly complex, transport policy should not be addressed in isolation. A holistic approach is needed which views mobility in light of other policy areas, notably single market, digital, and sustainability policies.
2. **European transport systems:** EU transport policy should aim at achieving a well-functioning transport single market which connects our businesses, regions, and citizens. Removing barriers to cross-border transport and logistic services while at the same time improving the interconnectedness between modes of transport to promote co-modality will allow businesses to develop more efficient EU-wide solutions, thereby reducing costs and emissions, strengthening EU value chains, and contributing to the EU's global competitiveness. Continued integration of transport networks is also essential for the future relationship between the EU and the UK.
3. **Sustainability:** The business community is committed to drive our economy to zero- and low-carbon solutions. In order to smoothen this transition, it is vital that it is organised through an integrated approach that factors in the market realities faced by businesses. Public and private actors together should explore the full potential of all available solutions towards decarbonisation.
4. **Digital transformation:** The digitalisation of mobility will modernise transport services, offer vast opportunities, and is key for addressing many of the challenges it faces. Further integration of existing digital tools should be pursued, and our policies should encourage the development and rollout of new and innovative technologies and business models such as automated and connected mobility solutions or Mobility as a Service (MaaS), while continuing to ensure fair competition between the same services.
5. **Transport infrastructure:** Further developing our EU-wide and future-proof transport infrastructure network is crucial. The EU and Member States together must ensure that there is adequate funding and that these networks are connected, streamlined, expanded, upgraded, and maintained to be fit for Europe's future transport needs, such as the need to increase capacity, facilitate digital solutions, shift to zero- and low-carbon mobility, and ensure safety.



## 1. General priorities for the EU transport sector at large

### Focus on single market

The focus for transport policy-making needs to be brought back to the single market values so that the EU can achieve a fair and effective single market which brings tangible benefits to all. The transport sector accounts for 6.3% of EU GDP and directly employs around 13 million people in the EU. The transport sector is in itself an important economic sector, but it also fulfils an important function as one of the key enablers of the single market at large. The free movement of goods, services, and people throughout the EU relies on a functioning cross-border transport system. The efficiency of all transport modes and their interconnection directly affects the ability of citizens to move freely across borders and the seamless functioning of cross-border value chains, enhancing the competitiveness of EU industry as a whole. For these reasons values of the single market must be strictly upheld within the transport sector, and transport (infrastructure) policy should feature higher on the EU political agenda and the Commission's work in the coming years.

### Sustainability

*Please note that while this priority paper addresses sustainable transport matters within this section at a high level, BusinessEurope will in the near future release a complementary and more comprehensive strategy paper on zero- and low-emission mobility.*

EU transport policy can be linked to the sustainability agenda, by integrating social and environmental goals in an appropriate and balanced way, based on the economic sustainability of the transport sector. In many ways transport is a prerequisite for achieving many Sustainable Development Goals.<sup>1</sup> Transport underlines the right to access what people need: jobs, markets and goods, social interaction, education and other services. Improved access can help address general concerns such as depopulation of rural areas or socio-economic cohesion throughout the EU.

Business at large stands behind the EU ambition of climate neutrality to achieve the objectives of the Paris Agreement, and is **devoted to drive our economy to zero- and low-carbon solutions**. Industry has made strong commitments and is investing heavily to ensure that all modes of transport help to achieve this common goal, for instance:

- The European **automotive industry** decreased CO<sub>2</sub> emissions from new cars by 36.1% between 1995-2017<sup>2</sup> and aims to reduce its CO<sub>2</sub> emissions of light-duty and heavy-duty vehicles by another 30-37% by 2030 compared to 2019 levels.
- In Europe's **aviation industry**, average aviation fuel consumption fell by 24% per passenger kilometre between 2005 and 2017.<sup>3</sup>
- The **shipping community** has supported the UN International Maritime Organisation (IMO) to bring shipping in line with the Paris Agreement's objectives. In 2018, a global strategy with greenhouse gas emission (GHG) reduction targets for international shipping was approved, which will cut the the sector's overall GHG output with at least 50% by 2050 compared to 2008.
- The European **railway industry** already consumed 20% renewable electricity in 2015 and strives towards carbon-free train operations by 2050.<sup>4</sup>

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<sup>1</sup> The [United Nations](#), 2016, Mobilising Sustainable Transport for Development

<sup>2</sup> [ACEA](#), 2018. Passenger cars.

<sup>3</sup> [EASA](#), 2019. European Aviation Environmental Report.

<sup>4</sup> [CER and UIC](#), 2015. Rail transport and environment – facts and figures.



The full potential of all available solutions towards decarbonisation should be explored in a tech- and fuel-neutral way, where possible through Public-Private Partnerships (PPPs). An integrated approach is needed that takes into account market realities to make this shift possible in a way that improves the efficiency of the transport network as a whole, enhances EU competitiveness and increases growth.

Commitments of European businesses to decarbonise are often linked to billions of Euros in investments – yet it is not certain that these investments will be made in Europe. **The right incentives must be ensured for players across the mobility value chains to invest in Europe** by ensuring that the many pieces of legislation create tangible benefits for both consumers and producers and incentivise zero- and low-carbon solutions. A mapping exercise should be conducted laying out the zero- and low-emission related value chains for all modes of transport to allow for better reflection on what Europe's competitive advantages are going to be. Moreover, low-emission mobility should not be considered in isolation. Focus must also be on how other legislation can be useful to achieve its goals. The Third Mobility Package is a good example where this approach was taken. Also, with the consideration of lifecycle assessment adopted in EU legislation, it is essential that stakeholders are consulted as soon as evaluate the possibility of developing a common and robust lifecycle assessment methodology.

Moreover, there are many relevant forces on the market going beyond the control of transport operators and manufacturers. To reach the ambitious EU climate targets, **more focus is needed on demand-side incentives and proper implementation**. For instance, specific policies for consumer and customer purchase incentives could be coordinated at the EU level, and on infrastructural development there is still a gap between what EU policymakers envisaged and how policies are being implemented for all modes of transport. Member State incentives could be improved under the Alternative Fuels Infrastructure Directive and infrastructure and technology solutions could be further standardised.

To mobilise the huge amounts of investment needs,<sup>5</sup> **financing for research, development and deployment must be improved**. To this end the remaining structural funds and the new Multiannual Financial Framework (MFF) should be leveraged; sustainable financing legislation should channel investments towards projects with significant CO2 reduction potential (not preclude current mobility and fuel providers from access to finance); public procurement should not primarily be focused on price aspects, and efficient public transport services should be promoted; consideration must be given to the needs of SMEs; and governments should be incentivised and encouraged to do more to leverage private-sector financing.

## Digitalisation

The effective digitalisation of the European transport and logistics sector will be key to making this sector smarter, more efficient, safer, cleaner, user-oriented, and overall more capable of keeping up with the expected increase in demand for transport services. While further integration of existing digital and ICT tools in a harmonised and interoperable manner should be pursued, there must also be space for new and innovative technologies such as next-generation robotics, artificial intelligence, blockchain, big data analytics, or sensors to be developed and integrated effectively into our transport systems. Tech-neutrality should play an important role in supporting innovation. Digital solutions in the transport sector will also allow businesses to develop innovative business models and develop collaborative systems, such as Mobility as a Service (MaaS). However, digitalisation should not lead to unfair

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<sup>5</sup> According to the European Commission's long-term climate strategy, investment needs for zero- and low-emission transport alone under the current energy and climate policy will amount to EUR 685 bn/year between 2021-2030, and EUR 904 bn/year between 2031-2050. [European Commission](#), 2018. 2050 long-term strategy.



competition in the transport sector, thus an adequate regulatory framework should be in place to ensure a level playing field between the same services. More specifically on digitalisation:

- **Digitalisation of administrative procedures and relevant public services** is an important way to reduce burdens and simplify business processes and should therefore be pursued at the EU level. Moreover, it is essential to ensure interoperability of electronic systems between countries and different modes of transport, taking into account the different levels of digital maturity of each transport mode.
- **The data economy offers great opportunities for developing new and innovative ideas.** It is crucial that data can continue to be collected and used for optimizing companies' own operational processes, such as advanced ticketing services in the railway sector which benefits travellers. Voluntary data sharing can contribute to these developments and should be based on the principle "as open as possible, as closed as necessary" to allow businesses to thrive but protect ideas at the same time.
- **Smart use of data remains underdeveloped for all modes of transport.** Big Data, in particular when it is optimised to Smart Data, can play a major role in improving our transport systems and logistic chains, especially in light of connected and automated mobility. Uniform data handling needs to be encouraged in order to facilitate more efficient administrative procedures that will allow just-in-time departures and arrivals. Smart use of data can also facilitate digital solutions such as predictive analytics which can improve asset effectiveness by anticipating disruptions at an early stage thereby keeping maintenance costs low and availability high.
- **Increased investment in critical mass**, such as transport and digital infrastructure, is essential to build up digital European transport and logistics networks. Notably a coordinated EU-wide cybersecure deployment of 5G networks will form an important basis for further digitalisation. Having the appropriate critical mass is a prerequisite for making innovative solutions the new standard. Furthermore, public authorities should be encouraged to focus more on digital innovation when defining tender requirements in transport.
- **Connected and automated mobility solutions** across transport modes have great potential for cleaner, safer, and more efficient transport in the EU. It represents an important area of innovation where the EU has the potential to become a world leader. In this regard, following its 2018 Communication focused on the road sector, the Commission should undertake mode-specific analyses and strategies covering other modes of transport such as rail, inland waterways, and maritime transport where connection and automation could be developed and integrated even further. Benefits thereof have, for instance, already been demonstrated with fully automated train systems which have been widely used on metro lines in various cities for decades. *More on connected and automated road transport under section 2 below.*
- **Research and development play a key role** in ensuring that the European Union can stay ahead in the technological race towards automated and connected mobility. In this regard, Horizon Europe and PPPs with different transport sectors play a key role. Further reflection is also needed on external (non-EU) cooperation and the level of investment needed, both public and private.

## Transport infrastructure

In many areas in Europe we see that today's transport infrastructure network does not deliver. In this context, and anticipating the increasing demand in transport services,<sup>6</sup> significant investment is needed into our transport infrastructure network.

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<sup>6</sup> EU freight transport has increased by almost 25% over the past 20 years, and between 2015-2050 it is expected to further increase by 51%.



- The **completion of the trans-European transport network (TEN-T)** on time with optimized geographic coverage must be an absolute priority: the core network should be finalised by 2030 and the comprehensive network by 2050 or earlier. Once fully complete, the network should connect European regions, improve interoperability, remove bottlenecks, streamline cross-border transport, improve the connections between different transport modes, improve the overall capacity of Europe's transport network, and contribute to Europe's climate objectives. Notably, cooperation on cross-border links should be ensured from the planning stages. Moreover, the currently applicable key performance indicators (KPIs) for assessing the compliance of corridor networks are too static to provide adequate insights into bottlenecks on various corridors. More dynamic KPIs such as congestion data should be incorporated.
- Attention must also be had for **upgrading existing infrastructure** which needs to be fit for future developments, such as: digitalisation of the sector; the expected increase in demand for transport services and corresponding need for more capacity; the shift to zero- and low- emission mobility; the possible effects of climate change such as drought and flooding; and a growing need to improve safety standards. When investing in road infrastructure, EU road surface labelling can help to enforce standards that aim to improve grip, rolling resistance, noise, and wear.
- **Maintenance** of deteriorating existing infrastructure also needs adequate attention as in many parts of Europe infrastructure is poor and can create safety concerns. One way to generate more private-sector input in terms of financing as well as know-how in order to promote sustainable and durable infrastructure is to promote public procurement which is not primarily focused on price aspects. By considering the lifecycle approach,<sup>7</sup> better monitoring of the infrastructure quality and implementation of sustainable innovations would be achieved.
- Keeping in mind the estimated **investment needs** for just the completion of the TEN-T network (EUR 500bn between 2021-2030 for the *core* network alone) it is imperative that sufficient funding is made available. Grants should continue to be the cornerstone of the EU investment policy for the transport sector. EU funding programmes such as the Connecting Europe Facility (CEF) should be continued and funding increased under the upcoming EU budget. Blending of grants with other sources of financing such as the European Investment Bank or private sector loans, and mobilising private sector investors through, for instance, PPPs are essential additional tools where business cases can be established. User financed financial cycles as well as an earmarked use of funds (e.g. availability-based PPPs), can help to make infrastructure financing more independent from national financial and political circumstances (e.g. budget cuts).
- When internalising **external transport costs**, such as transport infrastructure costs, an integrated approach is needed. To this end any monetary measure should be fair, simple, proportionate, and transparent. Revenues charged for use of transport infrastructure should be earmarked and reinvested into transport infrastructure development and in reducing external costs. Moreover, it is important to note that the internalisation of external costs, although an important element, is not a panacea for the side-effects of transport activities – the aim should be to minimise the external costs for society at large, not just to fully monetise them.

## Co-modality

All modes of transport have their own characteristics and strengths and should be seen as complimentary to each other. In combination they can offer more efficient and more sustainable transport solutions as the appropriate mode of transport is used for each link of the transport chain. The

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<sup>7</sup> For instance, via contracts for infrastructure construction which transfer the responsibility for maintenance to construction companies providing them with an incentive for more sustainable/durable choices in the design and build of infrastructure.



foreseen overall increase in demand for transport services will have to be accommodated by *all* modes of transport. It is therefore crucial to invest and improve the efficiency for each mode. The interoperability between different transport modes also remains key and should be further promoted, thereby providing the flexibility for each mode to live up to its strengths while avoiding a ‘one-size-fits-all’ approach. Incentivising agreements between players on different modes of transport e.g. in the form of integrated ticketing systems or the development of co-modal stations, is an additional way to further enhance interoperability. Finally, methodologies used for measuring freight transport should be solid so that the freight output and efficiency of the transport system is accurately measured across all modes by means of similar procedures.

## **UK withdrawal from the EU**

*Please note that BusinessEurope will release a separate strategy paper on a future EU-UK Agreement covering more comprehensively the future relationship in all relevant sectors, including the transport sector.*

The transport sector risks severe disruption resulting from the UK’s withdrawal from the EU. To ensure legal certainty, a seamless transition is essential, with the continued application of all necessary rights and obligations so that cross-border transport services between the EU and UK can continue smoothly during this period and to prevent sudden congestion at airports, ports and other facilities. Looking to the future relationship the EU and UK should enter into comprehensive arrangements covering each mode of transport providing liberal, reciprocal, and non-discriminatory access rights that prevent any restrictions on traffic and support future connectivity. Furthermore, regulatory alignment should be ensured to the furthest extent possible, in areas such as safety and security, emission standards, certifications, type approval, professional qualifications, dispute settlement mechanisms, reporting obligations, or ownership and control provisions in the aviation and maritime sector. In this context close cooperation between different EU agencies (such as the EU Aviation Safety Agency, EU Maritime Safety Agency, and the EU Agency for Railways) and the UK authorities should be sought. This should be done in full respect of the single market and taking into account the EU’s international commitments.

## **2. Road transport**

### **National barriers and administrative burdens to cross-border transport**

In the area of road transport, undue or diverging national measures, including national implementation or interpretation of EU laws (for instance on market access) represent obstacles to international transport operations, leading to market fragmentation and preventing the single market from functioning properly. As examples:

- (a) BusinessEurope regrets that barriers continue to exist for **border-crossings of heavier and longer road transport vehicles** (such as European Modular Systems) between Member States where such vehicles are permitted. As an example, while equivalent standards on weights and dimensions apply within the Benelux-France, border crossings between these Member States remain restricted.
- (b) Increasing number of uncoordinated **urban vehicle access** regulations are being applied to both private and commercial vehicles. Consequently, companies must adapt their fleets to different requirements, leading to additional complexities and costs.
- (c) The **VAT procedures** for registration, calculation, and levels are different in each Member State that levies VAT on international passenger road transport services leading to heavy administrative burdens on bus companies wanting to operate across borders.





- (d) National rules on **days where freight vehicles are permitted on the road** should be clear and not unnecessarily hinder cross-border road transport services, just like night time and weekend freight traffic bans should be proportional (e.g. considering exempting clean vehicles such as EURO6 from these bans).

New barriers to cross-border road mobility should additionally not be adopted at the *EU level*. Moreover, in this context we note that, in compliance with the EU principle of subsidiarity, national competence to organise public transport services according to the countries' specific needs should not be undermined.

### Shortage of drivers

A shortage of qualified professional drivers (lorry, bus/coach, taxi) is becoming increasingly acute. Autonomous vehicles and platooning will help solve part of the issue, however it requires further attention. This issue should be a strong consideration in future legislative developments, and pro-active efforts are needed to reinforce the workforce.

### Parking areas

Availability of safe and secure parking areas needs to be improved. According to the recently published study by the Commission 400.000 safe and secure parking areas are needed for heavy goods vehicles in the EU, while only 300.000 parking areas exist – of which only 7.000 are certified to be safe and secure.<sup>8</sup> This shortcoming makes it in many instances impossible for transport operators to comply with binding provisions on resting times, in particular the regular weekly rest. Moreover, cargo crimes are more frequent than ever: about 75% of these incidents are happening when trucks are parked in unsecure parking places. The industry needs a quick implementation of the agreed standard and sufficient CEF-funding to accommodate the need of safe and secure truck parking areas. As for passenger transport, cities should be encouraged to facilitate parking areas for tourism coaches.

### Road safety

In order to achieve the objectives of zero fatalities in road transport by 2050 (Vision Zero), the EU must aim for the highest standards of road safety for passenger and freight transport in the next years. As addressed below, connected and automated road transport has the potential to play an important role towards achieving this. Other actions are also important, for instance in the road passenger transport sector the exchange of best-practices should be encouraged at the EU level on issues such as occupational risk, the use of alcolocks, or zero-tolerance systems for professional drivers.

### Connected and automated vehicles

Connected and automated mobility solutions are likely to revolutionise the road transport sector in the coming years, which could help Europe reach its long-term goal of Vision Zero, further reduce emissions, and become overall more efficient. Enabling the deployment of readily available technologies and the secure EU-wide rollout of 5G networks will play an important role for the future connectivity of vehicles. More specifically:

- This is a new area of innovation where both public and private investment will be imperative. The policy framework must therefore **protect and encourage industry investment**. To this end, the interoperable rollout of available technologies should be enabled, and the principle of technology neutrality must be a guiding principle pursuant to which technology choices should be left to the market and future technologies are not excluded.

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<sup>8</sup> Commission [Study](#) on Safe and Secure Parking Places for Trucks, 2019.



- **Public acceptance is crucial.** Pilot projects are an important step to test new ways of connected and automated vehicles and increase public acceptance. They should be supported equally by the private and public sector to monitor and learn from the testing and deploy these new mobility solutions while at the same time assessing and identifying any regulatory shortcomings.
- **Cybersecurity risks must be dealt with appropriately.** Fragmented security solutions will put interoperability and the safety of end-users at risk and must therefore be avoided. Together with industry it should be explored to what extent new cybersecurity certification schemes under the recently adopted Cybersecurity Act could address these risks. EU regulators should also take note of regulatory activities carried out at an international level (for instance work undertaken by the United National Economic Commission for Europe) to ensure consistency.
- The development of automated solutions while **maintaining the highest safety standards is essential:**
  - Automation and connectivity have the potential to eliminate or compensate for human error. However, appropriate solutions are needed which address new risks emerging in the transition phase. Voluntary data sharing can contribute to these developments and should be based on the principle “as open as possible, as closed as necessary” to allow businesses to strive but protect ideas at the same time. Moreover, a code of conduct could facilitate a safe transition, ensuring that requirements and procedures take into account road safety.
  - The safety of vehicles and systems is increasingly defined by the most secure and up-to-date software for the respective vehicle components and the entire vehicle system. To minimise the risk of attacks or unauthorised access, direct third-party access to the internal vehicle systems and data should be avoided, with the exception of regulated access. Instead, third parties should have access to relevant data via “off-board” facilities which communicate securely with the vehicle. Voluntary data sharing by vehicle manufacturers with third parties should be encouraged – in accordance with established privacy frameworks – on the basis of the principle “as open as possible, as closed as necessary”. This will facilitate third parties in offering innovative services to users.
  - Guidance on how this new technology should be developed while operating within the framework of the General Data Protection Regulation will help this new industry thrive and ensure the highest level of road safety while ensuring that privacy of users is protected.
  - International type approval procedures have to consider testing specifications for the periodic technical inspection of safety and environment-related systems during the vehicle’s life cycle.

### 3. Rail transport

#### **Opening up the railway industry**

Many efforts have been undertaken to reduce market entry barriers and enhance competition in the railway sector. A gradual process of market opening is taking place. With the approval of the market pillar of the Fourth Railway Package valuable progress has been made by designing a set of regulatory checks and balances that grant equal access for all passenger operators to all domestic markets, both on commercial routes as well as on non-commercial routes covered by public service contracts. Nonetheless, in some Member States this process is subject to significant delay due to unequal conditions for private and public carriers. Equal conditions for public and private carriers should be ensured in all Member States, for instance, during tender procedures.





## Towards a strong and integrated EU-wide rail sector

Although important progress has been achieved through the various Railway Packages, more is needed to accomplish the establishment of the Single European Railway Area (SERA) to ensure both interoperability and safety of the network.

- Work must continue on the national **implementation of EU rail acquis**, including the technical pillar of the Fourth Railway Package.
- There is still a lack of **harmonisation of Regulatory bodies' responsibilities** across Member States. Each has different levels of independence, power, and activity, leading to diverging enforcement of the EU acquis within Member States. A single European regulatory body, if attributed the right competences and tasks, could be a way to tackle diverging national practices.
- The pace of deployment of the **European Railway Traffic Management System (ERTMS)** along the core network corridors is too slow and needs to be accelerated. Only 8% of TEN-T core network corridors that need to be equipped with ERTMS by 2030 have been put into operation, with at least EUR 15 bn still needed for its completion. The Commission must ensure the coordination of the project, incentivise the participation of private investors and speed up the deployment of ERTMS on-board and on-track through a secured EU funding scheme such as the CEF.
- EU-wide and cross-border **railway networks need improving** in order to resolve existing bottlenecks. Moreover, more capacity on the network and at train stations should be sought to facilitate national and international services to help facilitate the expected increase in demand for transport services. The 2017 Rastatt incident has also demonstrated there is a need to have in place sufficient diversionary routes. As regards high-speed train networks, the European Court of Auditors has recently indicated that Europe is suffering from an ineffective patchwork of national lines.<sup>9</sup> A future-oriented plan is needed to enhance the interlinkage between different high-speed train connections across Europe and make this network more effective.
- Enhanced cooperation within the existing **Rail Freight Corridors** and alignment thereof with the TEN-T core network corridors will improve efficiency of the rail network. Good connections and communication between ports and rail will moreover contribute towards the effectiveness of the EU's transport system as a whole.
- Greater harmonisation is also fundamental as regards regulation on **train drivers**. A single driving license will contribute towards reducing costs and improving interoperability, especially for freight transport. Also, **national language requirements** are an obstacle to the development of a harmonised European rail network. Mutual recognition of languages on border sections should be expanded, the use of digital tools should be explored further, or the introduction of English as *lingua franca* could be considered as a solution.

## 4. Air transport

### Boosting competitiveness and ensuring connectivity

With the global economic shift towards Asia and other emerging regions, Europe is becoming more reliant on external trade, and thus air transport services and the connectivity they provide are becoming strategically more important. In this context, action is needed to help strengthen Europe's aviation sector. The growth of Europe's air transport sector depends on liberal access to global markets, under terms of fair competition. The future Commission should continue the path set out in the 2015 Aviation

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<sup>9</sup> European Court of Auditors, A European high-speed rail network: not a reality but an ineffective patchwork, 2018.



Strategy, the first priority of which was negotiating liberal air services agreements with other countries and regions to increase connectivity for Europe.

Moreover, fair competition between EU based and non-EU based air carriers needs to be ensured. As a general rule, the EU must ensure reciprocity as regards both market access and fair competition in EU aviation agreements. The Commission must ensure that fair competition clauses in such agreements are respected. In this light, the recently revised Regulation 868 to safeguard competition in air transport is seen as positive. This new instrument needs to be applied effectively with a view to ensure fair competition, while at the same time avoiding it to be used as a protection instrument or in a way that bilateral air service agreements between EU Member States and third countries are jeopardised.

European and national measures which lead to a competitive disadvantage should be avoided. Regulatory costs which disproportionately affect EU based air carriers vis-à-vis non-EU based air carriers and double taxation of the industry should therefore be addressed by the Commission, be it in form of recommendations to Member States or further studies assessing their effectiveness and adverse effects.

### **The Single European Sky**

The completion and also effective implementation of the Single European Sky needs to be prioritised. The current structure involving 36 national air traffic management (ATM) bodies remains fragmented and needs to become more efficient which will lead to fewer delays. *En-route* delays doubled in 2018 compared to 2017. Fragmentation also results in frequent detours and thus higher fuel costs and CO<sub>2</sub> emissions. Meeting the sustainability challenge for transport especially means ensuring that we do not create inefficiencies that could be solved today. Completion of the Single European Sky could save 10% of CO<sub>2</sub> emissions when fully implemented. Moreover, delays are not simply an *en-route* issue, but have an impact on the ground. Therefore, the European ATM system needs to be modernised and the proposals under the Single European Sky Framework must be upgraded and accelerated. The interoperability between different air traffic control systems should be ensured in order to allow for smoother processes. It is regrettable that the SES 2+ Package has been stuck in the Council since 2013 over the Gibraltar dispute; it is high time for the Single European Sky to be completed.

### **Air passenger rights**

Ensuring clear, balanced, and fair passenger rights is a key aspect for retaining competitiveness while at the same time guaranteeing high quality services. The current deadlock on the revision of Regulation 261/2004 as a result of the Gibraltar dispute is therefore regrettable and has led to uncertainty about the future. This file should be completed with a sense of urgency in order to ensure a clear and balanced legal framework for all.

### **Infrastructure bottlenecks**

Airport capacity is a major issue faced by EU air transport in the coming decades, especially with demand for air travel set to increase and with non-EU hubs gaining ground. EUROCONTROL's 2018 Challenges of Growth report stated that by 2040 lacking airport capacity would result in 1.5 million foregone flights and 160 million foregone passenger voyages, a demand gap of 8%. Ensuring conditions that allow for financing of airport development and investment in airport capacity should be a focus of the Commission to minimise the impacts on passengers.

However, airport capacity expansion faces various obstacles, including planning issues or political intervention. The European Commission should continue the work of the Observatory on Airport Capacity & Quality. Especially a fair balance needs to be sought between noise restrictions, which are often overly-stringent, and capacity needs. Security and ID checks at airports often cause unnecessary delays, affecting the efficiency of air travel in general. Investments into smarter and more efficient



security models at airports should be encouraged, while maintaining the necessary level of security. Smarter security systems will allow security models to better adapt to continuously evolving security threats. Mandatory ID checks for inter-Schengen flights are additionally burdensome without fulfilling a clear purpose.

It is important to have the right balance between safeguarding adequate investment, while at the same time ensuring that users can benefit from well-connected, well-functioning, and cost-effective airports, which form the basis of a competitive European aviation sector.

## **5. Maritime, inland waterways and ports**

### **A globally integrated market**

The European Commission must develop a renewed strategy for waterborne transport, contributing to a strong single market and towards Europe becoming more competitive at a global level. Since competition is worldwide, waterborne shipping requires a global level playing field and the International Maritime Organization (IMO) must continue to be the regulatory body that develops and maintains the regulatory framework on environment and safety, security, efficiency issues, and ensures coherence between different regulations.

*'Mare liberum'* is the key starting point for shipping policy. Trade agreements of the EU with other parts of the world should lead to improved access to oceans, waterways and ports strengthening the logistics chain, sustainable solutions and safe operations when moving goods and passengers. The development of new technologies must also be supported in order for the EU waterborne sector to scale up innovation and should not be impeded by restrictive legislation (e.g. reducing mandatory ship speed). This will contribute not only to existing subsectors within shipping, but also facilitate the development of new markets within the ocean economy.

### **Digitalising and harmonising processes**

Digital solutions to optimally plan, execute and monitor activities during port calls and improving efficiency in logistics chains should be welcomed and supported by European policymakers. Most important for this is the standardisation of reporting data and syntax in order to facilitate port calls and data exchange between ports. The European Commission's Digital Transport and Logistics Forum puts these issues to practice. However, further data standardisation, decentralisation of systems, and improving the interoperability between systems in different ports is necessary to bring about these digital solutions that optimize the logistics chain. The recently adopted European Maritime Single Window environment will contribute to reducing the administrative burden on ships and is viewed positively by BusinessEurope. Member States that are able to, should strive for a speedy implementation, despite the long period for entry into force.

A harmonised environment for reporting obligations can only be achieved if the Commission makes maximum use of data harmonisation in accordance with the proposals of the IMO. Existing data and facilitated cooperation between ports and shipowners will also contribute to more just-in-time sailing where efficient timeslots contribute to a more sustainable industry.

### **Enable efficient short sea shipping**

Reporting obligations applicable to short sea shipping lead to disproportionate administrative burdens, undermining the efficiency of this sector. It should be explored whether these obligations could be simplified or streamlined. For instance, the need for ships to report under the Shipping MRV Regulation on a per voyage basis because they temporarily leave EU waters in transit between EU ports is



considered to be overly burdensome. Moreover, to facilitate more sustainable short sea shipping, infrastructure is needed which can easily adapt to changes in fuels used.

## **Inland shipping**

With its available capacity and energy efficient nature, inland shipping services should be available to help accommodate the foreseen increase in demand for transport services. However, the use of inland waterways is under pressure due to the increasing frequency of low and high water levels as a result of climate change. Action is needed with regard to depth restrictions, clearance heights, river management and retention basins on Europe's inland waterways for the sector to cope with the more extreme fluctuations in water levels.

## **Level playing field**

Whereas various European State aid guidelines applicable to specific economic sectors have set out, there have not been such guidelines that apply to seaports. In order to improve legal certainty in this respect, the European Commission should develop guidelines clarifying the application of EU State aid rules to sea ports. Moreover, a level-playing field should be ensured between shore-side electricity and electricity generated on board ships, produced from the combustion of tax-exempted marine fuel, by means of a corresponding tax exemption for shore-side electricity.

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