

# A changing world presents challenges and opportunities for road transport

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The 28<sup>th</sup> IRU World Congress in Bucharest was the highlight of 2002 for the road transport industry. The location helped to underline the challenges and opportunities faced by emerging markets in the face of European Union (EU) enlargement and the lowering of barriers to trade by the World Trade Organisation (WTO) and regional groupings, such as NAFTA and Mercosur, all of which are generating greater volumes of international road transport. Attended by 1,400 participants, including heads of road transport companies and associations as well as ministers and senior officials, from nearly 60 countries, the Congress followed immediately after the meeting of the European Conference of Ministers of Transport (ECMT). Summing up the economic importance of the road transport sector in developing and developed countries, Romania's Minister of Public Works, Transport and Housing Miron Tudor Mitrea said: "An efficient road transport sector is a sine qua non prerequisite for economic development".

Another important event in road transport, announced at Bucharest, was the admission of the China Road Transport Association as a Member of the IRU. Following China's entry into the WTO, this development is a major step towards realisation of the IRU's vision of a revived Silk Road, a modern land bridge linking Europe and Asia. A reminder of the practical difficulties that can arise in the process of opening up markets was the dispute earlier this year about admission of Mexican trucks into the USA as a consequence of NAFTA. Thankfully, that issue has been resolved between the two parties concerned. The most important thing is that the political will to open up exists, as it now does in China and in other countries that have been relatively closed, such as Iran. It is no coincidence that the IRU will be holding its next Euro-Asian Road Transport Conference in Tehran in September 2003. The 7th IRU East-West Road Transport Conference, to be held in Budapest in May 2003, will focus on EU enlargement and related issues.

## Road Transport, driving towards Sustainable Development

The IRU's top priorities are sustainable development and facilitation of trade, tourism and transport. This year's "Rio +10" summit afforded an opportunity to make known road transport's genuine commitment to sustainable development. In a report entitled *Industry as a partner for sustainable development: Road Transport* which the United Nations Environment Programme (UNEP) published and endorsed, the IRU set out its 3 "i" strategy: innovation, incentives and infrastructure. The UNEP report is particularly credible because

it incorporates independent reviews by the World Health Organisation, the International Labour Organisation, the European Commission, environmental groups and scientists. The publication of the *IRU Road Transport Best Industry Practice* report, which documents implementation of innovative sustainable development practices in the day-to-day operations of 20 transport

companies, shows that the road transport sector follows up talk with action.

Not all governments share the sector's vision of what will make for sustainable transport. A case in point is the European Commission's *White Paper on Transport Policy*, which believes that prescribing a shift from road to rail and other modes is the answer, rather than providing incentives for transport operators to continue improving their environmental performance. The IRU agrees with the *White Paper's* forecast that demand for goods transport within the EU will increase by 38% by 2010, but points out that, even if the volume of goods transported by rail could be doubled in this period, road transport would still have to grow by one third. Actually, IRU Members would like to see rail exploited more effectively for goods transport, if only for capacity reasons, but economic demand is growing so fast that rail will be hard pressed to maintain even its current tiny market share. The road sector will continue to predominate for the foreseeable future, which is why it has to be a major part of the sustainable transport solution.

Operators are concerned about current and future schemes to levy infrastructure charges on trucks, which might actually hamper their ability to deliver further improvements in environmental performance. Unfortunately, the Commission failed to take a clear EU position early enough, with the result that incompatible national charging systems are now being implemented. The Swiss and Germans have already chosen different technical platforms and a third system, incompatible with the other two, is being prepared in Austria. Imagine the cost and nuisance of having to fit a separate electronic device for each EU Member State! These systems are also discriminatory, in that they only charge a very small proportion of all road users. For example, the German system will apply only to heavy trucks, which represent roughly 1% of all vehicles. Only part of the resulting revenue will be spent on maintaining and improving roads, so operators risk paying more for poorer roads. The toll provides an undesirable incentive, as it encourages a switch to smaller, less efficient trucks. It also imposes the same toll rate on both EURO 2 and 3 vehicles. This discourages



operators from purchasing the best available vehicle technology, which generates fewer emissions but costs more.

The IRU is also concerned that pouring revenues raised from road transport into rail while the latter remains the preserve of state-owned monopolies is unlikely to achieve much, especially as proposals for rail liberalisation continue to meet entrenched resistance in certain countries. The *White Paper* calls for more combined transport, including road-rail and other combinations of modes, but it fails to acknowledge that combined transport is basically the only option for preserving any significant role for rail in the transport of goods. For combined transport to work, railways must meet the quality of service standards taken for granted by shippers and hauliers, notably regarding respect for delivery deadlines. Simple measures like stricter standard commercial terms for carriage of goods by rail are likely to achieve far more in this respect than complex and inefficient infrastructure cross-subsidisation schemes.

The *White Paper* justified its promotion of modal shift by claiming that rail is inherently superior to road transport in environmental impact, but did not produce any data to support this sweeping claim. When the IRU commissioned a comparison of realistic alternatives (road only versus combined road-rail transport over actual routes), it found that where road-rail offered a significant advantage in CO<sub>2</sub> emissions, it was principally because the trains involved were powered by electricity generated in nuclear power plants. It also confirmed that that unaccompanied combined transport offers inherently better environmental performance than the rolling highway system. The politically attractive vision of loading heavy goods vehicles and their drivers onto rail wagons is basically an illusion.

While sustainable development requires continued investment in new infrastructure to remove bottlenecks and fill missing links, common sense dictates that it also requires best use to be made of existing infrastructure. Here the IRU observes a disturbing trend, particularly in the Alpine countries, of artificially restricting use of the road infrastructure by trucks in the name of road safety or environmental protection. Ecopoint rationing in Austria and restrictions on truck traffic in Switzerland and France all have the same effect, which is to restrict the free movement of goods to and from Italy. While such restrictions are contrary numerous international agreements of freedom of movement and capacities of international highways, the governments concerned seek to discharge themselves of any guilt by presenting modal shift to rail as the answer, conveniently forgetting that the required rail capacities do not currently exist, will take years and billions of Euros to construct and will work very inefficiently without radical EU-wide rail liberalisation.

### **Facilitation of Trade, Tourism and Transport**

It is now one year since the fateful terrorist attacks in New York and Washington. Security is on everyone's lips – and

not just in the anti-terrorist sense. We are seeing rising levels of crime, mainly theft from and of goods vehicles, but also more incidents of violence towards drivers – a concern which affects all forms of road transport. To provide practical help, the IRU publishes in conjunction with the ECMT a regularly updated list of secure parking sites and makes security advice available to operators via the internet.

The IRU and its Member Associations attempt to draw governments' attention to the negative consequences of ineffective or unbalanced security measures. Illegal immigration is a case in point. The British Government's policy of punishing operators, even when they detect illegal immigrants in their vehicles and declare them, is shortsighted and amounts to an abdication of its responsibility to police its own borders. Following an IRU initiative, representatives of various national government agencies, the different transport modes and humanitarian charities are working in expert groups under the guidance of the European Commission to see what can be done at a practical level to ensure a clear, rational and equitable sharing of responsibilities on an international basis.

Other areas of concern relate to the opening up of the EU to the East and to overcoming various practical obstacles to road transport. These include notoriously long waiting times for both passenger and goods vehicles at many frontiers. The broad causes – excessive bureaucracy, widespread poverty and corruption, poor training and lack of IT infrastructure – are easy to identify, but convincing governments of the need to address the issues and then actually obtaining progress call for immense tact and patience – even if these delays are hampering economic development. Another problem is that many professional drivers in Central and Eastern Europe face enormous difficulties in obtaining, in a convenient and timely manner, the visas they need when their work takes them into the EU.

EU social legislation is a complex area. Without going into too much detail regarding issues like working hours and driving times, the IRU and its Members are trying to ensure that an appropriate balance is struck between the authorities' desire to have rules which are easily enforced (i.e. simple) and ones which are adapted to the multitude of different markets served by transport operators (i.e. complex). Existing regulations could certainly be enforced more effectively. Some need to be tightened as well, notably the criteria governing who is eligible to set up a road transport company. These are currently far too lax and this situation has contributed to unsustainable competitive practices by marginal operators, which is destabilising the entire sector. One way to raise standards is better training. Here the IRU is making a powerful contribution, through the IRU Academy's internationally recognised harmonised training standards and its network of accredited training institutes.

### **A word about passenger transport by road**

Finally, I should mention some issues unique to the passenger



side of the road transport sector. In general, governments are not aware of the major contribution that privately-owned buses, coaches and taxis make to overall personal mobility. While the *White Paper* elaborates on the consequences of the ever-growing number of private cars, the only references in its 100-plus pages to coaches were in data tables. One consequence of this ignorance is the "anti-coach" mentality demonstrated by certain city authorities, which pander to voters by penalising local businesses which depend on visitors who come by coach. To help fill this information gap, the IRU has published a study *Moving people, driving the economy – the role of the coach in the economy*, which quantified the economic impact of coach tourism.

The IRU believes that the private sector can help provide better, more cost-effective public transport and is working to convince EU legislators that the forthcoming Directive on Public Service Requirements should create a free, fair and transparent single market for public transport contracts. To illustrate better the importance of innovation in public transport, the IRU has created the *EuroChallenge* award. The last winner was an alliance of private coach companies in Finland which co-operated to offer an expanded national service, covering communities previously not served by public transport.

The discrimination practised within the EU between different modes of passenger transport with regard to VAT, where air

transport pays none while surface modes pay at the standard rate, is one practical consequence of official ignorance that the IRU and its Passenger Members are working to overturn. Variations between EU Member States in the fiscal treatment of passenger transport also undermine fair competition. While continuing to work on the perception issue, some concrete successes have been achieved, such as the EU agreement to standardise the maximum length of coaches at 15 metres, which will remove one covert impediment to international coach transport, and the Interbus agreement, which will lower barriers to East-West coach tourism (and increase the need to resolve the issue of visas for drivers). It should also be remembered that taxis form a vital link in the mobility chain, particularly in areas where public transport is deficient. As micro-businesses, they have particular concerns with deregulation and the impact of EU social legislation.

The IRU's strength lies in the breadth of its experience and competencies, drawn from an extensive membership, embracing more than 150 organisations in some 70 countries. These Members belong either to the Passenger Transport Council, under its President, Francesco Pacifico, or the Goods Transport Council, under its President, Hermann Grever. The IRU's efforts to address issues affecting road transport are most effective when it works in partnership, both internally and also with governments and NGOs. This philosophy is summed up in the IRU's slogan: "Working together for a better future."