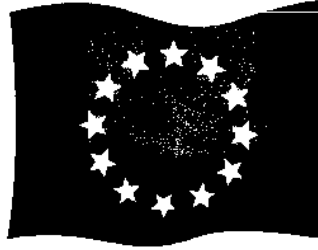


# **EUROPE AND US**



**New Europe for me as**

**TRANSPORT SME**



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**Für den Inhalt verantwortlich:**

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# 1 CARRYING BUSINESS

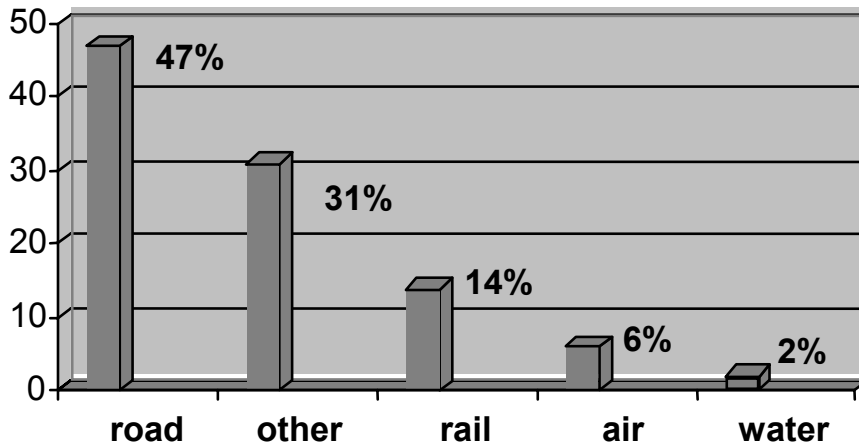
## History:

Between 1994 and 1996 the ten countries of Central and Eastern Europe applied to join the EU. In Copenhagen in June 22, 1993 the European Council already concluded that the associated countries of Central and Eastern Europe could become members of the EU - as soon as the country meets the economic and political conditions. The accession process began on March 30, 1998 with the establishment of a single framework. The Accession Countries already largely have to adjust to the *acquis communautaire* before accession. With the view to stepping up the process of European Integration, the EU has concluded special association agreements with the countries of Central and Eastern Europe - Europe Agreements. The contracting parties agreed to develop and strengthen cooperation in the transport sector via gradual participation of the applicant countries in Community Programs and regular Commission Progress Reports on the state of preparation as well as strengthening pre-accession aid over and above the PHARE program.

The Transport Industry occupies an important position in the Community, accounting 7 % of its GNP, 7 % of total employment, 40 % of Member States' investment and 30 % of Community energy consumption. Demand has grown within the last 20 years - by 2.3 % per year for goods and 3.1 % for passengers. The single market marked a turning point in the common policy with the help of e.g. the abolition of the frontiers or the liberalization of cabotage. This makes it possible to pace with the growth in demand and tackle problems of congestion and saturation.

## Employment by mode in Transport in Europe 1999

(% of total transport)



Source: European Union Road Federation, 2003

In recent years the economic growth in Western Europe was accompanied by a similarly growth in transport. In 1998 the GDP grew 2.8 %, freight movement grew by 5.3 %; passenger transport grew by 4.9 %. Whereas road, inland waterway and especially pipeline transport reported high grow rates, rail freight experienced a significant decline.

### **Carriage by vehicles**

From January 1, 1993 a haulier - established in a member state of the EU - is able to transport goods from one state to another. Until this date such an operation to go from one state to another one within the EU required a special authorization. From that date on this right is based on quality conditions. If they are taken the transport operators will receive a Community license.

As the liberalization of the cabotage system was accompanied by serious fears (like distortion of competition) by member states this liberalization was introduced gradually since July 1, 1990 in the form of progressive Community quotas. The total liber-

alization of the cabotage market was then introduced by July 1998.

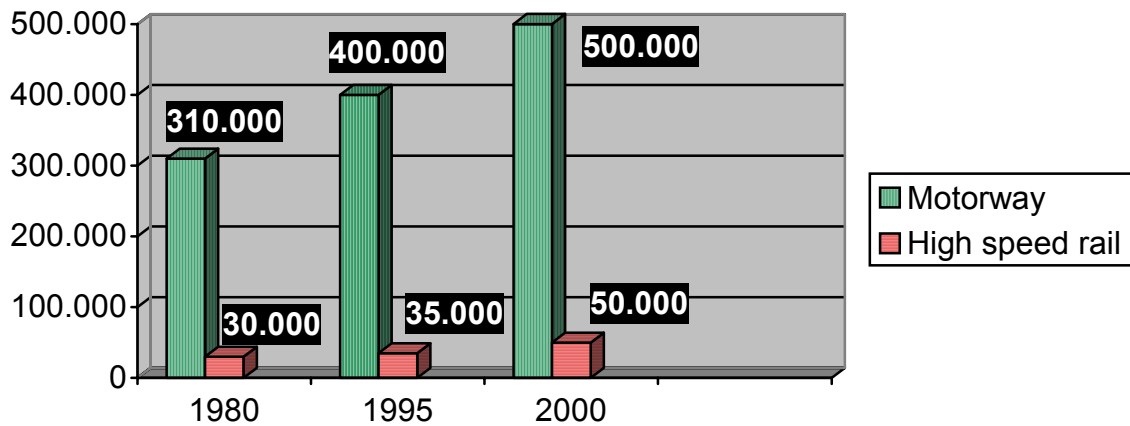
The road transport-related acquis covers a vast area of social, technical, fiscal, safety and environmental requirements.

## **Carriage by rail**

The Community also tries to make rail more efficient and to make it easier for rail to adapt for the demands of our time (slow speed of 18 km/h on average; etc.). Therefore during the last years the Commission has introduced several projects in order to provide access to infrastructure. Right now the European Parliament discusses to install a European Railway Agency in order to enhance interoperability between its member countries, to develop a common approach to rail safety and to accelerate and extend the opening of the rail freight (right now only 14 % of Europe's freight goes by rail - half of the percentage of 1970!) and passenger markets to international competition. Further more the aim of the Commission's proposal is an integrated European Railway Area.

The railway acquis is subject to substantial amendments right now.

**Length of High speed Infrastructures in the EU - road and rail:**  
**(1980 until 2000)**



Source: European Union Road Federation

## **Maritime transport**

is by definition already a liberalized activity. Cabotage by sea has started to phase in by January 1, 1993. To fight against distortion of competition different measures has been taken by the EU as prevention of unfair pricing practices, standards for ships and working conditions. Inland waterway's market is totally liberalized since January 1, 2000. The enforcement of the maritime safety acquis forms one of the biggest challenges.

## **Air Transport**

The Community policy on liberalizing air transport covers mainly market access, capacity control, fares and the issue of operating licenses for companies. It was launched in 1980 and has been implemented in 3 stages; stage 3 was coming into force on January 1, 1993. Air cabotage became reality April 1, 1997. Also in this field the Community tried to do something against distortion of competition by harmonizing many rules as on tech-

nical standards, administrative procedures as well as on access to the airport ground services. In the year 1998 air travel was by far the champion of growth with international air traffic in Europe rising by 9.6 % and domestic air traffic up to 11.8 % on the previous year.

## **2 The Branch from national and EU-sight**

### **Structure**

Transport is a key element for the proper functioning of modern economies. Further more it is a major driving force for European Integration. Society demands ever more mobility, speed delivery and increased quality of transport services. Politicians in all European countries are more and more confronted with the pressure to build new infrastructure and open up new markets.

### **Competition**

The rapid changes in European transport have left national railway systems largely unaffected - although especially this system has a huge potential for low-cost, fast, efficient and environmentally friendly way of transport. A radical policy therefore is needed in order to improve the capacity of railways to carry freight and passengers rapidly and safely over long distances. 41 % of Eastern Europe's freight is going by rail. But it is constantly declining and has almost halved since 1990.

### **Market of the branch**

According to the ECMT freight transport in Central and Eastern Europe could grow by 50 to 60 % between 2000 and 2015. The

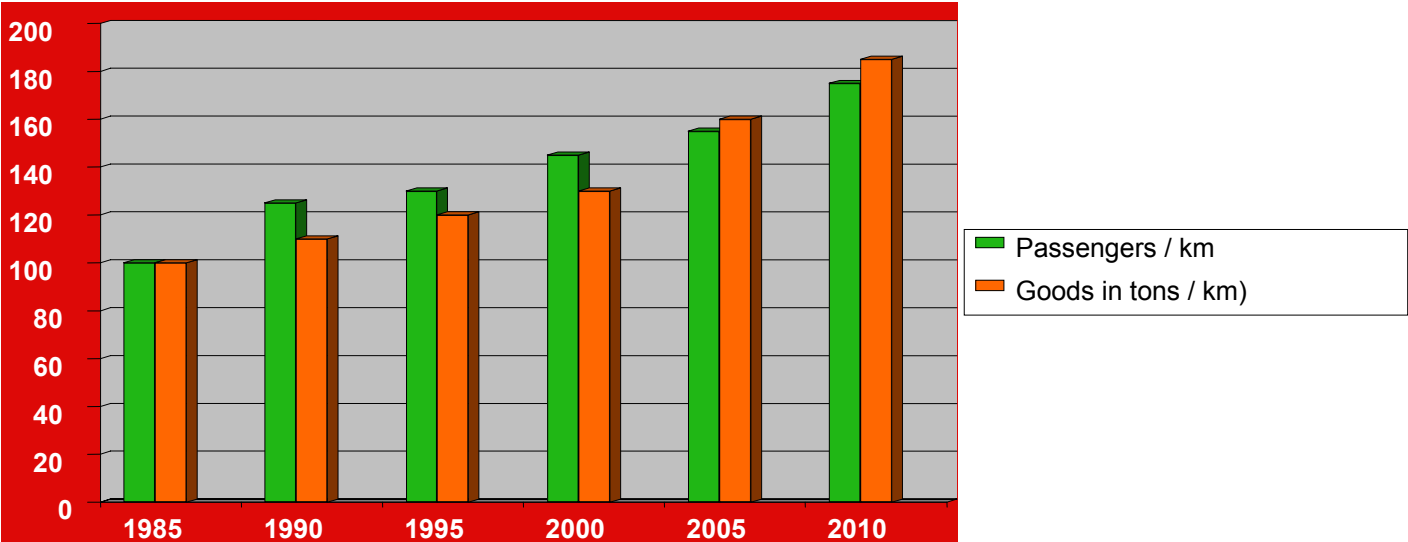
growth in road transport is expected to reach 60 to 70 %; compared to 20 to 30 % for rail.

Over the same period of time **personal mobility** in the eastern countries is projected to increase by 40 to 50 % - twice as much as what is projected for the EU.

The growth of **international freight transport** is expected to double, while that of road transport can be even tripled.

The **international passenger movements** are forecast to be 80 to 90 % - mainly road and air.

**Transport Growth in the European Union 1985-2010 (2001-2010 estimates - Source: European Commission):**



Railways for freight transport are less and less competitive in terms of speed, cost and convenience throughout most of Europe. Their market share is likely to shrink further less radical improvements in structure, organization, pricing, commercial policy, maintenance and interoperability of networks are introduced without delay. Since the year 1997 rail traffic decreases

by 0.5 % year-on-year in the transport sector and by as much as 5.1 % in the passenger sector.

Currently the Candidate Countries have quite different transport systems from those of the Member States. In a number of respects, transport in these countries is much less harmful to the environment than in the EU:

- o Transport accounts for only 19 % of overall energy consumption, compared with 34 % in the EU.
- o Transport-related carbon dioxide (CO<sub>2</sub>) emissions per capita are three times lower than in the EU.
- o Road networks are nearly 40 % less dense than in the EU; the total length of motorways is more than ten times shorter.

**However times are changing rapidly:**

- o Energy Consumption is increasing rapidly
- o CO<sub>2</sub> emissions have been rising since the second half of the 1990s
- o The total length of motorways has doubled over the last ten years

**Therefore:**

- o Decoupling transport growth from economic growth: the intensity of freight transport decreased relative to economic growth during the 1990s, but it is still on average five times higher than in the EU
- o Modal shift: Railways' share of freight and passenger transport remains well above EU levels, but road and air transport is on the increase.

### **3 Basic Freedoms and their effects on the branch**

**The free movement of goods:** (see point "history")

- o Customs inspection is going to fall.
- o The border control is going to fall within the next couple of years (Schengen Convention).

**The free movement of persons:** (see point "history")

- o European citizens are able to work wherever they want to within the European Union.

**The free movement of establishment and service:** Since the 1970s the EU has taken a series of measures to harmonize the conditions for admission to the occupation of national and international road haulage operator and therefore to allow effective freedom of establishment for such operators.

### **4 Other specified aspects of an EU entry**

The accession of new countries to the EU is based on Article 49 of the Treaty on European Union. Any European Country can apply to become a member of the EU. Only countries that have promised to adopt the *acquis* can join the EU.

Article 70 ff of the EC Treaty establishes the legal basis for the common transport policy.

In the transport sector the Candidate Countries face the challenge of taking over and implementing a very substantial body of transport law, which represents about 10 % of the total *acquis*. The *acquis* in Chapter 9, "Transport Policy", is based on

Articles 70-80 of the EC-Treaty. The transport acquis consists mainly of secondary legislation, e.g. several hundred Regulations, Directives and decisions. Implementing the acquis means not only require the adoption of legislation, but also an adequate level of administrative capacity.

As most of the Candidate Countries have nearly completed the process of legislative adoption, the main issue to be addressed will be monitoring, ensuring in particular that the administrative capacity in the Countries is adequate.

Road transport market integration is one of the most sensitive issues in the context of the accession negotiations under the transport chapter.

The EU proposes to grant access to the intra EU road haulage market, provided that Candidate Countries effectively implement the acquis in the road transport field, and, where relevant, accept the EU position on their requests for transitional periods. Thereby all Candidate Countries would upon accession be granted access to the market in the carriage of goods by road within the EU to or from the territory of a member state of passing across the territory of one or more member States.

However there are specific sensitivities over the issue of immediate national cabotage market opening upon accession. In order to achieve a smooth integration, and in light of the experience of the EU, the EU has therefore proposed a transitional arrangement entailing that access of non-resident hauliers to the national road transport market of other Member States should, in certain cases, be phased in gradually. The proposal is to restrict the access to the national transport markets between current and new Member States for an initial period of two years for those Candidate Countries which have requested no or only limited transitional periods in the area

of road transport and for an initial period of three years for those Candidate Countries which have requested more substantial transitional periods, causing additional disruptions, in the area of road transport. In addition, member States may notify to the Commission a prolongation of this initial period for a maximum period of two years. In certain cases this period might be prolonged by a further year. Furthermore, Member States that have not prolonged the transitional period may apply safeguards up to an end of the fifth year.

## **4.1 Most important law and regulations**

### **Driving times within the EU**

International transport traffic is subject to the AETR that is identical with the European social legislation:

- o Daily driving time is not allowed to exceed 9 hours.
- o Uninterrupted driving time is not allowed to exceed 4.5 hours.
- o Brakes of at least 45 minutes after the uninterrupted driving time.
- o Daily brake is minimum 11 hours.
- o Exceptions are possible.

### **Age of driving**

- Minimum age of driving a vehicle until 7,5 t is 18 years.
- For driving all other vehicles the minimum age is 21.

### **Access to the transport carrying business**

Qualification is

- o Reliability

- o Financial efficiency (capital stock of 9.000 € for the first vehicle and for every other at least 5.000 €.
- o Requirement of professional qualification.

## **Velocity**

- The maximum velocity is limited with 85 km/h.
- A mechanism to control this speed limit is obligatory.

## **Harmonizing road transport-related taxation**

is one of the main points in achieving fair and efficient competition. Unluckily it is still obvious that the Candidate Countries still do have to take some measures concerning harmonizing nature, structure and level of road transport related taxes. EU tax levels should be introduced gradually before accession.

## **Other**

The first short term priority for all Candidate Countries should be the proper enforcement of the **European Agreement regarding work of crews of vehicles engaged in international road transport** for both international and national transport. Proper enforcement seems to be a problem for most of the administrations (organization, staff, etc.) in the Candidate Countries. Regarding the road transport-related social legislation, and apart from the high costs that Candidate Country operators must bear in order to meet the relevant EU requirements both technically, organizationally and in terms of additional staff to be hired, one of the main medium-term priorities for Candidate Countries seems to be **developing social dialogue structures** between social partners.

**Trans-European networks (TEN):** in 1992 the EU tried to encourage Member States to link their countries by road and rail networks by presenting a paper "Future development of the common transport policy". The aim is to create a single European network out of fifteen different ones.

Every year thousands and thousands of people die and get injured on Europe's road network. Until the year 2010 the EU Commission's ambition is to cut these numbers by half. Together with the ECMT (Council of Europe's Committee of Ministers) this aim shall be reached.

Several European regions need special transport policies to protect their environment and ensure lasting development. This holds particularly for the major transport hub of the Alps that are criss-crossed by numerous rail and road links and include many densely populated valleys that suffer strongly from road transport pollution. Therefore it is important to find a common European solution in order to optimize the regulations in force with regard to Trans-Alpine traffic in a way that respects the environment and public health.

The compulsory introduction of the digital tachograph is now scheduled for spring 2005.

The European Parliament has welcomed new minimum safety rules for tunnels.

The European Commission publishes a new Directive on the initial qualification and periodic training of drivers of certain road vehicles for the carriage of goods and passengers. Until September 10, 2006 EU Member States have to incorporate the Directive in their national legislation.

In January 2002 the European Commission published a package of measures to speed up the process of creating an integrated railway area by

- o Developing a common approach to rail safety
- o Bolstering the fundamental principles of interoperability
- o Setting up the European Railway Agency

Extending and speeding up opening of the railway freight market.

In all candidate countries there is a total lack of market indicators and statistics. These would definitely help taking right decisions in a constantly evolving and integrating market.

**Public Private Partnerships** (PPP) are able to strengthen existing governmental institutions, resources and administrative and managerial know-how. Co-operations can be extremely vital in economic, social and environmental regions.

## **4.2 Promotion possibilities by the EU**

The European Investment Bank (EIB) has lent some € 20 billion in the Future Member Countries in Central and Eastern Europe since 1990. The EIB is supporting capital investment projects that further European Integration. The EIB lending is tied to specific projects in the public and private sectors. All projects are appraised to ensure their economic justification and environmental compliance as well as their technical and financial viability. In agreement with the competent authorities of each country, the EIB is giving priority to sectors as e.g. Transport and telecommunication (local, national, and TENs).

## **5 Chances and risks for the branch**

- For both sides - Western European and Eastern European Countries - it will be much easier to find partner companies in one of the countries.
- For both sides a huge market is going to be opened; incredible economical possibilities will be possible for all professions.
- As there is going to be a wider competition for both sides, transport rates are going to fall.
- A very important aspect for the future will be a harmonization of technical belongings and therefore a better opportunity of combining different traffic systems.
- Customs inspection is going to fall.
- The border control is going to fall within the next couple of years (Schengen Convention).
- There is a minimum Europe wide motor vehicle tax (directive 1999/62/EG).
- Puts in safety the free movement of goods as every product that is legally produced within the European Union has to be allowed to be sold in other member countries.
- Quality is going to get more and more important.

## **6 Questions you should ask yourselves**

- Do I know my weak and strong points?
- What are my competitors doing?
- What do I want to offer the next 5 years?
- Will I be able to survive on the market alone or do I need any partners?
- What is my advantage, what is my superiority to my competitors (personal, punctuality, etc.)?

- Do I know size and structure of all costs within my enterprise?
- Where am I able to save money within my enterprise?

## **Contact addresses**

- **IRU - international Road Transport Union**  
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- **European Commission** - [www.europa.eu.int](http://www.europa.eu.int)
- **Council of the European Union** - [ue.eu.int](http://ue.eu.int)
- **Economic and Social Committee** - [www.ces.eu.int](http://www.ces.eu.int)
- **European Conference of Ministers of Transport** -  
[www1.oecd.org/cem/index.htm](http://www1.oecd.org/cem/index.htm)
- **UEAPME** - [www.ueapme.com](http://www.ueapme.com)
- **EUROCHAMBRES** - [www.eurochambres.be](http://www.eurochambres.be)
- **European Shippers Council** - [www.europeanshippers.com](http://www.europeanshippers.com)
- **International Association of Public Transport** - [www.uitp.com](http://www.uitp.com)
- **The European Branch of the International Road Federation** -  
[www.erf.be](http://www.erf.be)
- Useful links to enlargement related information -  
[www.euractiv.com](http://www.euractiv.com)
- **IRF - International Road Federation** - [www.irfnet.org](http://www.irfnet.org)  
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- **AIPCR - Association Mondiale de la Route** (World Road Association) - [www.piarc.lcpc.fr](http://www.piarc.lcpc.fr)  
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