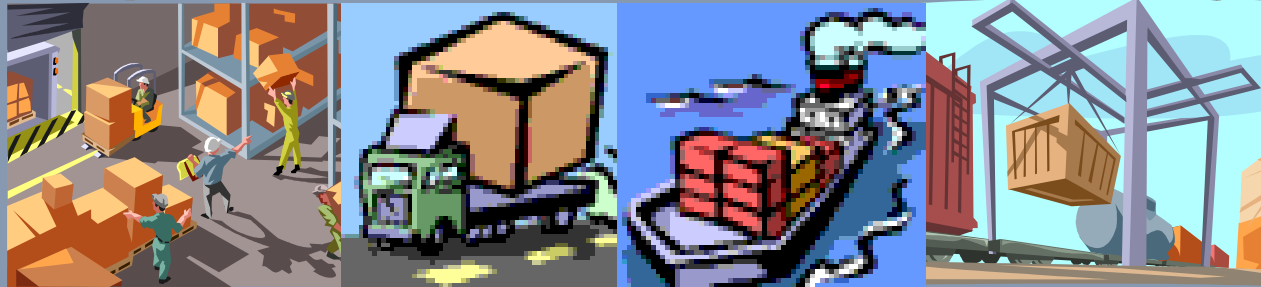


Logistics and Intermodality



For a Transport-efficient Economy

Impact Assessment on the Proposal for a Communication on Logistics for Freight Intermodality

Presentation of the results of the study

Paul van de Lande – ECORYS

Brussels, 25 April 2006



Contents

- Background
- Project objectives
- Approach
- Problem analysis
- The possible measures
- Stakeholder consultation
- The policy options
- Impact assessment of the measures
- Conclusions and recommendations



The background of this study

- **1997: Communication on Intermodality and Intermodal Freight Transport in the EU**
- **1999: Communication on progress achieved**
- **RTD projects: SULOLOGTRA, PROTRANS, IQ, ..**
- **Policy studies: Freight Integrator, ISIC**
- **Co-ordination of existing policies and tools towards a common goal would be essential for prosperity through logistics in Europe.**



Project objectives

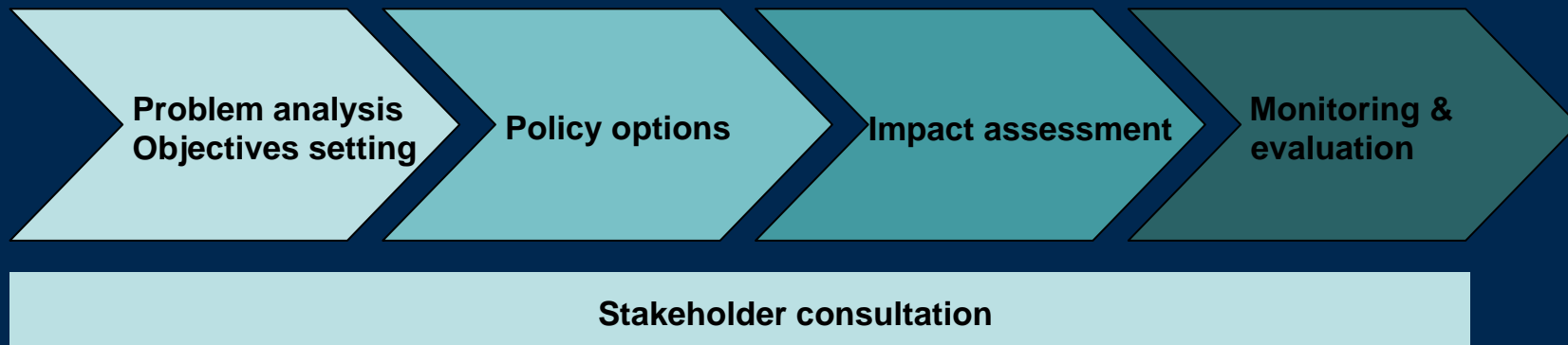
The impact assessment will analyse the economic, environmental and social impacts of the measures in a possible Communication on “Logistics for Promoting Freight Intermodality”

- Focus not on the added value of the Communication itself, but moreover on the measures included in this Communication
- A distinction between 6 main measures and 10 other measures has been made
- Determine whether actions at EU-level could be justified to be included in a Communication



Approach

- Study approach according to the Impact Assessment Guidelines SEC (2005) 791





Problem analysis

- **Freight transport demand evolution: strong growth puts pressure on retaining a sustainable and efficient transport system**
- **Trends like enlargement, global production, outsourcing, containerisation and congestion influence logistics and SCM decisions and adjust the transport policy making context**
- **Intermodal transport and sustainability**
 - **Combined transport → multimodal transport → intermodality**
 - **Joining up the modes (since 2001: integration): better use of available infrastructure**
- **Response: Using logistics for promoting freight intermodality**
 - **“Intermodal logistics”**: logistics that favour intermodal solutions, leading to a better accessibility, improved competitiveness and more sustainable transport system



The long list of possible measures

Main measures:

- Quality label for logistics
- Dedicated intermodal training
- EU intermodal liability regime
- Work towards IT interoperability
- Promotion of intermodal logistics
- Brainstorming platform for intermodal logistics

Other measures:

- Intermodal benchmarking
- Best practices and success stories
- Improvements in external environmental impacts
- Optimise loading capacity and utilisation
- A logistics bottleneck exercise
- A market observatory
- Coordination of different policies
- Continue targeted RTD
- Intermodal statistics
- Cooperation with non-EU



Stakeholder consultation

- Questionnaires distributed among:
 - EIA and its members (Ambrogio, Geest, Port Amsterdam, Cholerton)
 - CLECAT and its members
 - Freight Forward International (FFI): telephone conference interview with Schenker, ABX, DHL
 - ESC and its members
 - UIRR and its members (e.g. CEMAT)
 - EFIP and its members (W&Z)
 - EBU and its members
 - Eurocommerce
 - Transport & Logistics Nederland (TLN): e.g. De Waard Transport
- 17 questionnaires received back
- Interviews (in-depth and teleconferences)



Identification of policy options

1. No action, continuation of existing policies
2. Issuing the Communication, concentrate on improving the institutional preconditions that Europe can offer for logistics innovation and leave the internal running of company logistics to the companies themselves.
3. Actions and instruments to push modal shift; This option implies legislative actions pushing transport users to intermodal solutions, like banning certain vehicles from city centres, restrictive measures on certain corridors in mountainous regions and enforcing the use of e/g city distribution centres.
4. Pricing policy (infrastructure charges, road pricing) in every mode of transport, should be varied to reflect the cost of different pollution levels, travelling times and damage costs as well as infrastructure costs - to apply the “polluter pays” principle and provide fiscal incentives to help achieve the policy goals.



Assessment of policy options

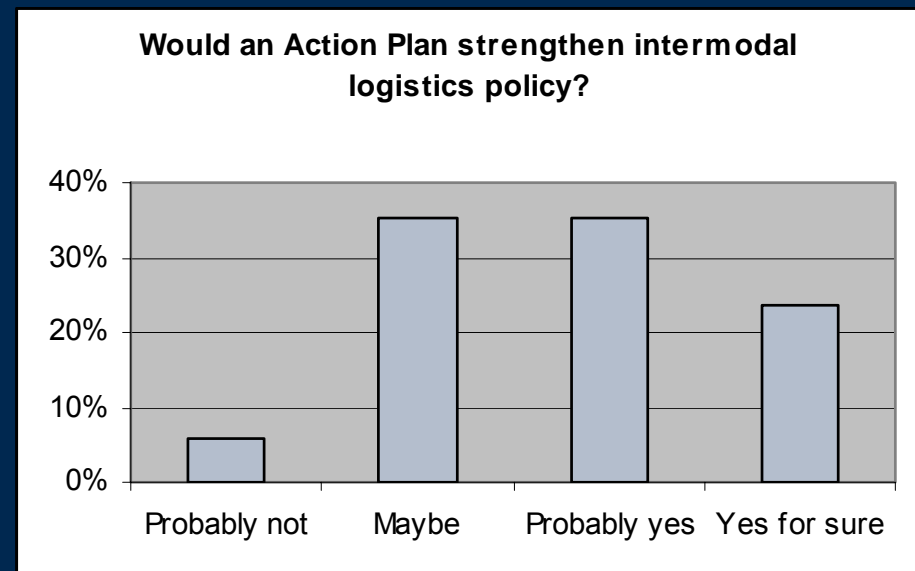
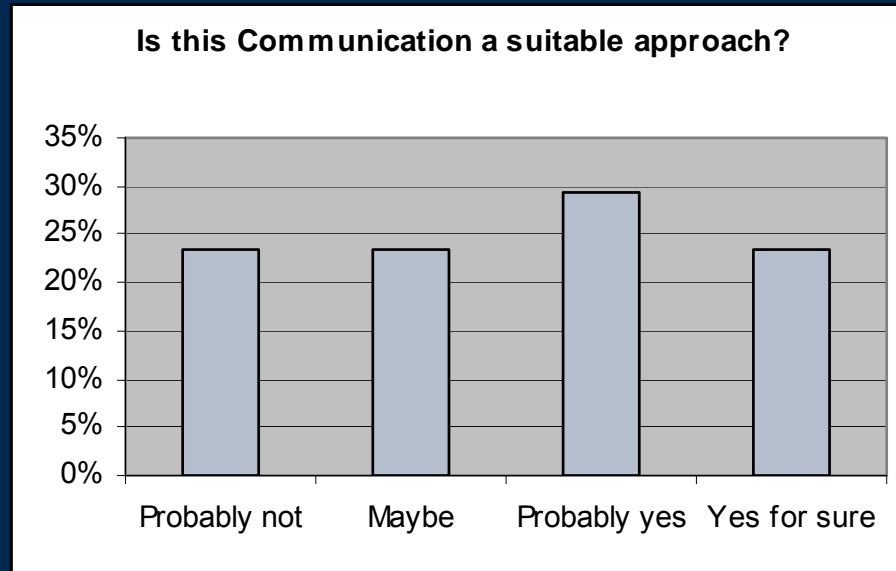
Aspect		Option 1 Do nothing	Option 2 Communication	Option 3 Regulation	Option 4 Pricing
Effectiveness	Economic impacts	0	+	++	++
	Social impacts	0	0	-	0
	Safety/security impacts	0	+	+	0
	Environmental impacts	0	+	++	++
Efficiency		0	++	0/+	+
Consistency		0	++	--	++
Commitment		0	+	--	+

Conclusion:

Creating better framework conditions for intermodal logistics and pricing policy both provide good intervention options for the Commission. The two options can be developed simultaneously without negative interferences. Regulatory actions should be applied in specific cases only.



General Stakeholders' opinion



Conclusion:

A small majority of the stakeholders is convinced that the Communication is a suitable approach, whereas an Action Plan connected to the Communication would strengthen intermodal logistics policy according to a larger part of the stakeholders.



Impact assessment of the actions

- The main actions have been assessed more in-depth:
 - Quality label for logistics
 - Dedicated intermodal training
 - EU intermodal liability regime
 - Work towards IT interoperability
 - Promotion of intermodal logistics
 - Brainstorming platform for intermodal logistics
- Selection of relevant impacts (economic, social, safety and security and environmental)
- Quick assessment of the economic impacts for the other measures (based on the stakeholders' views)



Impacts of a logistics quality label

	Econ.	Social	Saf/sec	Envir.
Quality label	☹	☹	☺	☹

- Remark on positive score on safety and security impacts: also to be realised by the supply chain security initiative
- Majority of stakeholders positive about impacts on quality, use and image of intermodal transport
- Some stakeholders have serious doubts about the action: too many standards, increased bureaucracy
- Most stakeholders have difficulty to understand how to implement a QL on level of chains



Impacts of dedicated training

	Econ.	Social	Saf/sec	Envir.
Intermodal training	😊	😊	😊	😊

- **Positive score on economic aspects, in particular on quality of services and innovativeness**
- **Most stakeholders generally support common training requirements, either as a separate action or as element of a quality label**
- **Some stakeholders stated that minimum training requirements and mutual recognition of intermodal training curricula could be elements in a quality label for logistics**
- **Positive feedback on this action from the stakeholder consultation in the ISIC project as well**



Impacts of intermodal liability

	Econ.	Social	Saf/sec	Envir.
Intermodal liability	☹	☹	☹	☹

- **Neutral impact scores on economic, social, and environmental aspects**
- **In theory possible impact on friction cost reduction**
- **Several lobby organisations representing many stakeholders don't think an active role of the Commission is needed**



Impacts of IT interoperability

	Econ.	Social	Saf/sec	Envir.
IT interoperability	😊😊	😐	😊😊	😊

- **Positive impact score on economic aspects;**
 - operational benefits (administrative savings)
 - strategic advantages (chain transparency and visibility, efficient resource planning)
- **Positive impact score on security (traceability by RFID tags)**
- **Most stakeholders agree that industry should take initiative**
- **Focus areas according to the stakeholders:**
 - Open architecture for communication (12 times)
 - Common messaging (EDI/EDIFACT based; 10 times)
 - New communication platforms (e.g. XML; 9 times)
 - Tracking and tracing technology (e/g RFID tags; 8 times);
 - Smart technologies for security reasons (4 times)



Impacts of intermodal promotion

	Econ.	Social	Saf/sec	Envir.
Intermodal promotion	😊	😐	😐	😊😊

- Majority convinced that EC should initiate this action and subsidise market initiatives
- But doubts from several stakeholders whether this action fulfils any existing needs (already existing unimodal promotion centres, though these are not mode neutral)
- Different views on how to implement:
 - Complementary network (regional or corridor-based)
 - Widening the scope of existing SSS promotion centres (in line with Ministerial conclusions on MoS of January 2006)



Impacts brainstorm platform

	Econ.	Social	Saf/sec	Envir.
Intermodal brainstorm	☹	☹	☹	☹

- Neutral impact scores on all aspects, maybe a positive impact on image/awareness and logistics efficiency in the long run
- Doubts among the stakeholders (“.. another talking group?”)
- Suggestion: Rename this action to ‘network of intermodal focal points’, points that work in co-operation with other administrations and policy areas (Economics, Customs), ensuring co-operation and resolving problems that prevent the development of intermodal transport
- If the action is to be initiated, it should be the Commission to initiate this and (fully) subsidise this initiative



Summary of priority actions impacts

Action \ Type of impact	QL	Training	Liability	IT Inter operability	Promotion	Brainstorm
Economic impacts						
Logistics efficiency, costs and (consumer) prices	●/○	●	●/○	●●	●/○	●
Quality of services	●	●●	●/○	●	●/○	●/○
Modal shift	●/○	●	●	●	●	●/○
Administrative costs and requirements for firms	○○	●/○	●	●●	●/○	●/○
Budgetary consequences for public administrations	○○	○○○	○	○	○	○
Innovation and research	●/○	●●	●/○	●●	●	●●
Competition and impact on specific sectors or regions	●/○	●	●/○	●●	●	●/○
Overall economic growth and employment	●	●	●	●	●	●/○
Social impacts						
Facilitation of new job creation	●	●	●/○	●/○	●	●/○
Specific consequences for groups of workers	●/○	●/○	●/○	○	●/○	●/○
Impact on job quality	●	●●	●/○	●	●/○	●/○
Safety and security impacts						
Impact on transport safety	●●	●●	●	●	●	●/○
Vulnerability to terrorism attacks	●●	●/○	●/○	●	●/○	●
Traceability of goods and materials	●●	●/○	●/○	●●●	●/○	●/○
Environmental impacts						
Air quality and noise emission	●/○	●	●	●	●	●/○
Energy consumption and CO2 combustion	●/○	●	●/○	●	●●	●/○

Legend:

- /○ no impact expected
- limited positive impact expected
- positive impact expected
- strong positive impact expected
- limited negative impact expected
- negative impact expected
- strong negative impact expected



Impacts of the other measures

<u>Measure/action</u>	<u>Feedback</u>	<u>Remark</u>
• Multimodal/intermodal benchmarking	Quite positive	No link to QL
• Best practices and success stories	Quite positive	Image/awareness
• Environmental sustainability	Quite positive	Image/awareness
• Optimisation of loading capacity	Doubtful	EILU skepticism, role market
• Logistics/interm. bottleneck exercise	Very positive	Tripartite approach, include infra
• Carrying out a market observatory	Doubtful	Questionable need
• Ensure co-ordination of policies	Positive	Commission role
• Continuation of targeted RTD	Positive	Follow EIRAC agenda
• Improvement of intermodal statistics	Doubtful	Only impact on policy effectiveness, bureaucratic burden
• Cooperation with non-EU countries	Doubtful	Questionable need



Overall assessment

Ranking	Impacts	Actions/measures
High	Positive impact on price, quality and logistics efficiency	<ul style="list-style-type: none"> • IT interoperability • Logistics/intermodal bottleneck exercise • Intermodal training
Medium	Positive impact on quality and/or image and awareness of intermodal services	<ul style="list-style-type: none"> • Policy coordination • Targeted RTD • Intermodal brainstorm platform • Quality label • Promotion of intermodal transport • Best practice exchange and success stories • Environmental sustainability
Low	Serious doubts about positive impacts	<ul style="list-style-type: none"> • Loading capacity and capacity utilisation • Intermodal statistics • Intermodal liability • Market observatory • Exchange of ideas with non-EU countries

- **High:** Start asap, not necessary to wait for an Action Plan
- **Medium:** To be included in Communication
- **Low:** Not to be included in a Communication



Conclusion on the actions

- The following actions should be included in the Communication:
 1. IT interoperability
 2. Logistics/intermodal bottleneck exercise
 3. Intermodal training
 4. Policy coordination
 5. Targeted RTD
 6. Intermodal brainstorm platform
 7. Quality label
 8. Promotion of intermodal transport
 9. Best practice exchange and success stories
 10. Environmental sustainability improvements
- Majority of the stakeholders are positive about the Communication and think that it can strengthen the intermodal logistics policy in Europe
- There is added value for a European approach: issues in the field of interoperability, legislation, standardisation and promotion can, due to the nature of the actions, better be addressed on a European level



Recommendations

- **Keep expectation levels realistic, the Communication is not a panacea for sustainable transport.**
- **Recognise the importance of intermodal transport infrastructure, liberalisation of transport markets (rail!) and pricing policy on the success of intermodal transport solutions.**
- **Have the Communication followed by an Action Plan for the selected actions: roadmap for implementation.**
- **Already start with initiating actions on IT interoperability, intermodal bottleneck exercise and intermodal training.**