

## **TEDIM Jubilee Seminar**

**Helsinki  
26 February 2004**

**Speech F. Karamitsos**

Ladies and Gentlemen,

I'm delighted to give you today an overview about the intermodality and logistics initiatives of the European Commission. While we are now also starting to develop sound policies for passenger intermodality at a European level, I will focus my attention on freight transport and the following topics, given the limited time.

### **Slide 1: Overview of talk**



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Directorate-General for Energy and Transport  
Maritime Transport and Intermodality

#### **List of Topics**

- **European Policy Context**
- **Logistics**
- **Marco Polo Programme**
- **Intermodal Loading Units**
- **Motorways of the Sea**
- **Freight Transport Security**
- **Freight Integrator**
- **Research Activities**

## Slide 2: European Policy Context



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### European Policy Context

- **Transport White Paper** – Tackle congestion and pollution through mode shift.
- **Lisbon Agenda** – Make Europe the most successful knowledge based economy.
- **Sustainable development** - de-coupling (e.g. route planning, load factors, consolidation)
- **Enlargement** – Historic expansion on 1st May 2004

Before I go to some of the more important initiatives, let me share with you the approach that we at DG TREN take to **logistics**. As you may know, it is only since a few years that we have created the intermodality and logistics unit in my directorate, and we have found that having a single contact point in DG TREN for logistics has opened up new audiences, projects and perspectives for our transport policy. When we talk about logistics in DG TREN, we are looking for a contribution to make our transport system more sustainable, more efficient, less polluting and less demanding on our resources.

## Slide 3: Logistics



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### Logistics

- **Logistics generates and shapes transport demand requirements**
- **Plan the next step**
- **Manage demand**
- **Less transport = Less logistic costs**

There are, of course, ardent and sometimes theological discussions about what logistics is. You may say simply: it is the art of optimising production and distribution. Second, logistics is business. Why is it then important for administrations and Governments to understand logistics? From the transport policy angle, the answer is straightforward: **logistics generates and shapes the transport demand requirements**. For example, today's logistics trends with decentralised production patterns favour, to a certain extent, flexible and versatile transport solutions provided by road transport. If we want industry to have more recourse to intermodal transport using short sea shipping, rail and inland waterway, we have to understand those logistics trends and enter into a debate with industry, how those trends and the performance of the alternative modes can meet in order to provide viable and client-oriented transport solutions.

Beyond these important considerations, the logistics angle allows us policy makers to widen considerably our horizons with regard to a sustainable transport system.

We still have a lot to do to make intermodality a reality, but the concepts and the will are there today, as never before. However, conceptually, while we are implementing intermodality throughout Europe, **we should now plan the next step**. And that's where logistics comes in. Increased reliance on intermodal transport will not structurally affect the growth in transport demand. If successful, it will spread out the growth of demand more evenly, but capacity is also limited in rail and in the waterborne modes. In that sense, intermodal transport policy does not address one central challenge, which we have to face for a sustainable transport system: **How are we going to manage the demand for transport without affecting our competitiveness and well being?**

Logistics processes create the demand for transport. As generators of freight transport demand, supply chain organizers wield a large influence on the shape of the European transport system. This is why policy must enter into a dialogue with the users of transport and understand the demand pattern better. But the transport user will also have to use his imagination more to devise logistics and transport chains which have less negative impacts on our environment and our citizens.

This dialogue has huge potential for better transport, **because less transport means less logistics costs for industry, and less social costs for all of us.**

A policy for logistics thus opens the door to a concerted action for less transport, for an **action on transport demand**. This has nothing to do with quotas, restricting user choice or imposing certain production patterns. It has all to do

with filling trucks and trains better, reducing empty hauls, re-organising transport networks, and using less space for production.

Bearing this in mind, let me now turn to some initiatives for better transport in the field of intermodality and logistics:

I think that 2003 has been characterised by important new developments in our intermodality and logistics policy. If you like big words, you may even call it a quantum leap, at least in the conceptual thinking:

First, in 2003, **the Marco Polo programme** has entered into force, and the first call has been launched.

#### Slide 4: Marco Polo programme



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### The MARCO POLO Programme

- **Policy context**
  - ◆ Modal shift policy since 1975
  - ◆ End of Pact Programme since 2001
  - ◆ Road freight Traffic: prediction of +60billion tkm/year
- **Objective: Shift *international* increase off road (12 bill. tkm/year)**
- **Duration: 2003 - 2010**
- **Budget: 100 Mio€ for 2003 - 2006**
- **Mid-term review of programme in 2006 as basis of budget decisions for 2007 - 2010**
- **Modal shift actions, Catalyst actions, Common learning actions**
- **Scope**
  - ◆ All segments of the international freight market
  - ◆ Services only, i.e. no RTD, no studies, no (core) infrastructure

We are now in the process of evaluation, and a Commission decision is expected for early summer 2004. We received 87 eligible proposals, demanding subsidy to the tune of 187 million EUR. We will fund about 10 actions, with a budget of

15 million EUR. This budget will increase gradually over the years. A new call for proposals will be launched in summer 2004, open to entrepreneurs in the enlarged Europe of 25 States.

In the face of the daunting problems in our transport systems, the overall budget for Marco Polo is still relatively small: 100 million EUR for the period 2003 – 2006. But for the first time, we have quantifiable objectives for the whole programme: namely to shift the expected increase of road transport to short sea shipping, rail and inland waterway. This is very ambitious, and would lead to the reversal of the trend of road dominance since 1970. We also want projects with European impact, led by strong and focussed consortia, which achieve breakthrough in organisation, operation and managing intermodal transport chains. In that perspective, Marco Polo marks the beginning of a transparent and ambitious programme management. We will clearly lay out the successes, and, inevitably also the challenges and problems in the sector.

In 2003, the Commission proposed also to bring some order into the sub-optimal world of intermodal equipment, by making a proposal for a directive on **intermodal loading units**.

## Slide 5: ILUs



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### **EILU (European Intermodal Loading Unit)**

#### **Commission Proposal for a Directive**

**(7 April 2003)**

- **Compatible with road, rail, SSS and IW**
- **Stackable (at least 4 units in sea conditions)**
- **Can be top lifted**
- **Optimised for europallets**

The EILU should be compatible with road, rail, short sea shipping and inland waterway transport. It should be stackable, one should be able to top-lift it and finally it should be optimised for euro-pallets.

First, there was much criticism and fear of over-regulation. But throughout the year, we have had many discussions with operators and customers, and there seems to be now the view prevailing that, indeed, if we want to have streamlined and competitive transport systems, we have to move away from the “boutique” approach, and enter the successful model of industrial standards, also in the intermodal sector. If, for instance, we have the palletwide Euro-container, then logistics costs could decrease by up to 2% in the whole chain. As trade with Russia, the Ukraine and beyond increases, why don't we take up the challenge to agree on suitable equipment throughout Eurasia, instead of relying only on the ISO maritime container, which is not the most efficient equipment for European exporters. I'm interested especially in the opinion of our Russian partners on this issue.

I'm thus making the case for you to strongly support this initiative, as this moves through the Council now. The European Parliament has given already a positive first reading. I thought that an MEP of Finland made a very pertinent comment when he said: "Especially for peripheral countries relying on more than one mode for exporting, standardised equipment is essential to keep industry competitive and guarantee access to markets."

Summing up, what's important to understand, is that we are now moving from a purely promotional policy to an industrial policy for the intermodal sector. We are thus also moving towards more mature policy making benefiting the sector long-term and in a way any assistance or State aid, as useful as it is, will never achieve.

Another topic which is very much on the agenda in the intermodality and logistics sector: **motorways of the sea**.

## Slide 6: Motorways of the Sea



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### Motorways of the Sea

This new priority project aims to :

- to improve existing or to establish new viable, regular and frequent maritime links
- make transnational maritime links as important as motorways and railways in the trans-European network
- improve links with countries isolated by natural barriers
- improve links with islands and peripheral countries Secure key infrastructure

The Baltic has been instrumental in fostering and promoting this concept, and we have now discussions in Brussels between Council and Parliament how to make this concept operational within the Trans-European Network. I think it would be totally wrong to downgrade this initiative to a relatively simple subsidy machine for concrete and some ancillary facilities. The reality is more complex, and also here, I think we can be more ambitious.

For me, the motorways of the sea are simply a **new logistics concept**: the high-quality integration of door-to-door supply chains, with the maritime transport mode as the workhorse for this concept. If you agree with me on the logistics nature of the motorways of the sea, you will also agree that logistics is largely about intelligent use of information and resources.

Of course, we need infrastructures, and especially in the new Member States, investments need to be made in ports and hinterland connections. But our main effort should be to use what we have in a more intelligent way. By providing better quality, we will see increased use of logistics chains relying on maritime transport. This will be beneficial for business, and beneficial for the society, which wants to see more traffic shifted from road to more environmentally friendly modes.

That's where integration of information systems, smoother connections between the modes and administrative facilitation in the form of one-stop shops come in. All this exists to some extent, and business is not waiting for Brussels to re-invent the wheel for them. Where I see our role, besides granting some money, if necessary, is to provide **a European co-ordination and platform** for executing these projects and fostering consensus on how they should work.

The Commission is good at bringing actors from different countries and different sectors together for a common cause, and it is in this perspective that I look forward to working with all of you in this exercise.

Let me now look at 2004, and what's in store for this year. I will just mention three initiatives, which should be of interest for all who co-operate in TEDIM.

Our main regulatory proposal will be, towards Autumn 2004, a directive on **Freight Transport Security**.

## Slide 8-10: Freight Transport Security



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### Freight Transport Security

- Commission proposal for a regulation on enhancing ship and port facility security (COM/2002/0229 May 2003 )
  - ◆ Ship security plans, port facility security plans, security levels
- Proposals on port security (February 2004) and intermodal transport security (planned autumn 2004)



## Broader Transport Security

### ➤ Transport Security Principles

- ◆ All modes - avoid distortion of competition
- ◆ Intra-community as well as third country trade
- ◆ “Supply chain” approach
- ◆ All actors (packers, transporters, storage areas, terminals, agents)

Awareness of potential for supply chain benefits as well – quality, safety, efficiency and transparency



## Possible measures

- Secure key infrastructure
- Security standards for transport service providers (mandatory/voluntary)
- Require advance information on shipments
- EU co-ordination and standards
- Mandatory training

For the time being, we are still at the stage of consultation with industry and Member States. For me, there are **two essential messages** in this exercise:

If we want to secure our transport system, we need to look at the whole transport chain, because the whole system is only as strong as its weakest link. Of course, our regulatory framework for aviation and shipping is necessary. But it is only fully effective, if it's embedded into an approach covering the whole supply chain.

Second, and frankly, let's take this opportunity not only to make our supply chains more secure, but reach new levels of chain management, transparency and competitiveness, at the same time as we are improving security in the chain. This is an exercise in which all sides will be winners.

This spring, the Commission will unveil its "Communication on **Freight Integrators** – A Community framework for the organisers of intermodal transport".

### Slide 11: Freight Integrator Action Plan (Background)



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#### Freight Integrator Action Plan

- The White Paper announced the Commission's intention to encourage the development of transport flow organisers - Freight Integrators
- The purpose is to contribute to the Mode Shift policy and at the same time improve the quality of intermodal freight transport.
- Principle: Combine the strengths of each mode
  - ◆ Best service (efficient, cost effective, green etc.)
  - ◆ Single transparent scheme
  - ◆ Integrating societal, shippers and operator interests

The idea behind this somewhat excentric notion is quite simple: what can the European Union do today to improve the business environment of the managers of freight transport chains, which do not rely on road transport? **In which ways can we help freight forwarders, the architects of transport chains, to use intermodal transport better and more often?**

## Slide 12: Freight Integrator Action Plan (Possible Contents)



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### Freight Integrator Action Plan

#### Possible content:

- Information exchange (planning, management, recording)
- Common transport documents
- Training and exchange
- Liability, accountability and recoverability
- Quality systems / standards
- Promotion

As you can see from the slide, we have received many suggestions from industry and administrations on possible improvements. Our Communication will be an action plan, explaining the measures the Commission intends to propose in the

next few years. Some actions will be promotional, others will be regulatory, and some will include research and development activities.

This brings me to my last topic of today: **research and development**. Throughout a number of years we have invested into research and development projects on logistics, intermodality and waterborne topics. We have not only provided support to the validation of innovative concepts and technologies, but also a framework to European logistics industry for networking and dissemination activities.

### Slide 13: Research Activities (Examples)



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#### Research Activities in Intermodality and Logistics

##### Current and past activities

##### > Support to technological development:

- ◆ Booking information systems (CESAR,)
- ◆ Border Crossing problems (INTERFACE)
- ◆ Intermodal in the CEEC's (INTERMODA)
- ◆ Information and communication systems (BOPCom, Intermodal Portal)
- ◆ Third Party Logistics Provider (PROTRANS)
- ◆ Supply chain management (SULOGTRA)
- ◆ Logistic Concepts (Also Danube)
- ◆ Transport chain management (D2D)
- ◆ Semi-Trailers (SAIL)
- ◆ Horizontal Transshipment Equipment (IN.HO.TRA)
- ◆ Terminals and Transfer Points (ITIP, EUTP, IPSI)
- ◆ .....and many more

##### > Results and reports are available on-line

(<http://europa.eu.int/comm/transport/extra/home.html>)

Under the 6<sup>th</sup> framework RTD programme, we had a first Call for Proposals in 2003. As a result of this, we are currently negotiating a project on maritime information and navigation services (MARNIS). The project aims at the

integration, demonstration and validation of applications based on existing/emerging technologies to serve traffic management/VTMIS, safety, security and environmental purposes and the re-assessment of the institutional and regulatory framework. The work should lead to a harmonised and interoperable European-wide monitoring concept based on the existing regulatory framework (Directive 2002/59 on the Vessel Traffic Monitoring and Information System) and the work on the telematic infrastructure taking currently place in this context (SafeSeaNet) as well as recent or on-going other European research actions

We envisage three new tasks under the forthcoming call this June 2004, and one project per task will be selected.

#### **Slide 14: Research Activities (Tasks FP6 – June 2004 Call)**



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### **Research Activities in Intermodality and Logistics**

**The future of research into intermodality and logistics**

**FP6**

**3rd Call - June 2004**

- ◆ **Intermodal Freight Transport and Logistics Management Systems**
- ◆ **Best Practices in Logistics**
- ◆ **Intermodal Freight Transport Technologies, Systems and Strategies**

Firstly, the intention is to develop a common framework for integrated and interoperable information and management systems for transport and logistics across all modes in order to serve public and private interests simultaneously

(Task 1). Secondly, to identify and develop best practices in logistics which serve the objectives of sustainable transport, and in particular mode shift and intermodal transport (Task 2). Finally, the aim is to provide a platform for gathering and disseminating knowledge on freight transport technologies, system and strategies, in particular for freight terminals and to develop benchmarks and quality labels (Task 3).

As you can see, this research is clearly linked to the major policy actions for the next few years. In relation to TEDIM, I think the most important task is the integrated project for information systems. This project should give the basis to create an open European architecture and standards for a truly intermodal information system.

Mr Chairman, Ladies and Gentleman,

So far for this update on our initiatives in intermodality and logistics. When I see the enthusiasm all over Europe, and especially in the Baltics, for intermodal options and concepts, and the interest that you share for our work in Brussels, I'm very optimistic that we will turn, within the next decade, intermodality into reality.

**Slide 15: Thanks**



*Thank you very much for your attention*