

« Thinking moves things »

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Loyola de Palacio, Vice-President of the European Commission

Logistics and Information Technology for Better Transport – The Next Steps

Dear Mr Lunardi, Ladies and Gentlemen,

It is a pleasure for me to be here today and speak to you about intelligence in transport. Ms de Palacio has asked me to convey her greetings to the conference, and asks you to apologise for her absence, as pressing business is unfortunately hindering her from being present at this event today.

Your topic is an interesting one: take a closer look at the “brains” of transport, and see how we can use information technologies better and more efficiently for better transport. When I say better, I mean better for business and better for society at large.

I’m also happy to note that logistics is a key aspect of your conference. 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. In the Directorate General for Energy and Transport, we are looking more at the second element, and are concerned with the interesting relationship between transport and logistics. I will say a few words concerning this in a minute.

Today, we have a problem in Europe: we have a strong increase in transport demand, which will further increase with enlargement. As the Transport White Paper points out, there are several things that have to do to manage this demand better: (1) we have to create functioning transport markets; (2) we need appropriate infrastructures; (3) we should make better use of existing resources and capacities in the alternative modes of transport, such as short sea shipping, rail and inland waterway. But these important endeavours should be underpinned by a strong drive to make all the options work better by using information technologies for planning, overseeing, executing and controlling transport.

We are now seeing the fruits of years of determined research in intelligent transport systems. This has led to a next stage of deployment. However, in the eyes of the Commission, this is not enough to realise the level of needed improvements to transport and logistics. We are looking forward to enhance the deployment through additional regulatory frameworks, where these will be beneficial.

Obviously, it would go beyond the time and scope of today, if I reviewed all various Community programmes, initiatives and regulatory proposals dealing with the vast issue of information technologies. I will thus use the time allotted to me to share my thoughts with you on the importance of logistics requirements for transport policy, and on the state of application of information technologies and intelligent transport systems throughout the European Union.

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.

In order to relieve the pressures on our transport system, the Union, the Member States and the Regions rely heavily on improving the performance and the interconnection of the alternatives to road transport. This is a good approach, and I'm happy to note that both the Italian Government, but also various Italian regions, Emilia-Romagna included, are very active in promoting intermodal transport. The "motorways of the seas" initiative owes much to Italian impetus, and Italy was instrumental recently in bringing our new "Marco Polo" programme through Council with good results. The "Interporto" system is a useful model of organising logistics chains, and specifically the *Interporto di Bologna* has a proud tradition of organising and handling intermodal transport.

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?

I said above that 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.

I'm thus coming full circle to the start of my speech. Better logistics means better transport. Logistics is an organisational science, and thus based on intelligence. And for intelligent transport, we need to use much more the available and new technologies.

Where are we today in Europe on this? We are currently writing a huge world-wide success story, with an Italian name: Galileo. This satellite navigation

system will be built according to the needs of users, with significantly improved availability and reliability of satellite navigation. The programme is now in full swing, and Galileo is scheduled to enter into service in 2008. It will foster the competitiveness of European industry in a market that is rightly perceived as one of the most promising ones.

Applications of satellite radionavigation are interesting for basically all sectors of the economy, especially for the transport and logistics sector. For instance, Galileo constitutes a good instrument for development of intelligent transport systems. It will enable a common European Transport policy, harmonise future transport guidance systems, and also play a major role in enhancing safety. This system will also improve Europe's position towards other regions in the world, since it will be used world-wide. Galileo is surely an appropriate answer to the technology challenges we face in Europe and a possibility to provide a significant contribution to the future world-wide seamless Global Navigation Satellite System.

Similarly to the "Internet", which has revolutionised the information technology market, satellite navigation could very well revolutionise the transport and information mobility market. Galileo's path to success has recently been put in evidence with the signing of a co-operation agreement with China under the Italian presidency on this technology project. Several other countries and regions throughout the world show also increased interest for Galileo.

Apart from this success story, there is much work to be done, when we look at today's application of information technologies to make the transport chain safer, cheaper, and more efficient. Let me point out three main trends:

- Today, the information technologies, intelligent transport systems and applications are largely available and tend to become cheaper.

- There is a large amount of information technology development and deployment going on international, EU and Member States' level. It is essential to co-ordinate these activities and to avoid duplication.
- Much of today's applications of information technologies and intelligent transport systems are modal. Intermodal or cross-modal applications are only slowly developing and cannot at this time rely on Europe-wide architectures or frameworks.

It is thus time for the EU to develop regulatory instruments and large-scale integrated programmes to steer those developments in the right direction, to achieve our transport and industrial policy goals. It would be illusory to think that Europe will have one and only one system in the future. Indeed, this is not the European approach. It is also not necessary for a functioning logistics and transport system. What is essential, though, is that we create standards and European pilot projects which allow the different systems to interconnect: between continents, countries, industries and transport modes.

Once we have this, we will have more intelligent information to make more informed decisions about transport infrastructures, investments and operational modes. This will lead to better transport: better for business, better for society.

Thank you for your attention.