

Europe's trade and business on the move: the role of logistics

Speech by Vice-President Siim Kallas

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Ladies and gentlemen,

It is a pleasure to be speaking to you today.

The logistics and freight transport industries are one of the most dynamic and important sectors of our economy. Transport is essential to the single market.

It is on logistics in particular that we rely to make sure the supply chain runs smoothly.

Europe is home to several logistics companies which are world leaders. Five of the top 10 global logistics companies are European.

If we look at Europe's transport network as a whole, there is much more potential that could be unlocked. Since logistic companies typically use a wide range of transport modes – trains, trucks, planes and ships - they are interested in improvements that affect the entire system. And so are we. This is why we need an integrated policy approach to transport.

How can we improve efficiency? By completing the internal transport market and removing all remaining barriers so as to obtain the scale efficiencies of a genuine European transport area.

At the moment, there are various barriers which are preventing this. Too many administrative formalities, numerous 'missing links' across the transport network, a string of technical incompatibilities and thousands of different national rules and standards.

If we do not manage to remove these barriers, European logistics companies risk losing their market shares. Today, European infrastructure is increasingly congested. More attractive and flexible alternatives are appearing elsewhere.

In Europe today we have, for example, the baffling situation where an EU-registered ship travelling from Antwerp to Rotterdam can require the same amount of paperwork as one travelling from Rotterdam to Panama. How can that kind of situation be attractive to an international freight operator? As you know, the Commission is working hard to expand and upgrade infrastructure to complete the Trans-European Transport Network. The focus of our work is to eliminate remaining barriers between the modes of transport and national systems. This is so as to build the missing links and create a seamless network that properly links up the European continent.

The European Commission believes in discussing needs and policy responses directly with the relevant industries. This is why, in June, we established the High Level Group on Logistics to discuss specific challenges for the sector and possible solutions. The idea would be to use the HLG's ideas to start a public testing and consultation process, developing a Logistics 2020 strategy which I would like to present in 2014.

In the meantime, let me share with you some of our other initiatives, planned and on-going. And some of our policy thinking to improve specific transport sectors which will be of benefit to the logistics industry.

As you know, the Commission has set targets for shifting a good deal of freight volumes off roads onto cleaner alternatives such as rail and waterborne.

Rail is an obvious freight choice as a clean alternative to road. Nine international rail freight corridors are now being developed which we hope will form the backbone of Europe's long-distance land freight transport system.

I believe that the corridor concept helps us progress towards true integrated freight transport services. Long-distance freight corridors between hub terminals combine advanced technology and the integrated use of different transport modes to achieve energy efficiency and reduce environmental impact.

Reliability and flexibility, rather than speed – the ability to meet loading, departure, arrival and unloading times, and not necessarily for full train loads only – is the key to modern cargo distribution.

This is why we will shortly propose a package of legislation to establish a true single market for railway services. It will address three areas: domestic market opening; certification and authorisation procedures for rolling stock; and the issue of governance, to ensure non-discriminatory access to rail infrastructure.

In the ports sector, vital for logistics operations, the situation is not so different.

Here, the Commission is working on legal proposals to make sure that these essential trade gateways work as efficiently as possible and remove distortions of competition. This is urgent, given the likely growth they will face in tonnage and passengers in the years to come. In air transport, we are working hard to make sure that the Single European Sky is completed so as to integrate aviation better with other forms of transport. A fully operating Single European Sky would reduce distances flown, help to reduce CO₂ emissions and allow airspace capacity to triple at much less cost.

Short sea shipping offers economies of scale for large transport volumes, lower environmental impact and lower costs for infrastructure development, its potential is vastly underused. The same applies to inland waterways – precious infrastructure which is largely ready, and waiting to be used more intensively.

The Blue Belt pilot project has proved a success, showing that it is indeed possible to reduce administrative controls on shipping to a minimum. I believe that this scheme should become permanent and expand to all vessels that move between EU ports and carry goods within the EU maritime internal market.

Together with my colleague Algirdas Šemeta, we look into allowing changes in customs checks for vessels whose EU route is confirmed by SafeSeaNet, and where the cargo's origin and destination can be easily verified electronically.

Let me offer an example of what a future transport scenario should look like: a truck driven a short distance to deliver cargo to a terminal for onward transportation by train, air or ship. Then, on arrival, a similar short distance by truck to the end-destination. So the first and last few kilometres are covered by truck – the rest by rail, inland waterway or sea, or a combination of these.

This is all interlinked by electronic information flows that allow for efficient speedy business and administrative formalities and continuous customer information services.

The keyword here is e-freight. Urban logistics in particular offers opportunities for improving efficiency and reducing the carbon footprint by using electric vehicles, intelligent transport management and urban planning.

Ladies and gentlemen,

Consolidating freight volumes will lead to greater efficiency. While moving large volumes of cargo is the strength of railways, barges and ships, consolidating freight is more difficult over short distances. This is where the EU can help, with the right infrastructure: transshipment platforms, consolidation centres, intelligent transport systems.

By integrating different transport networks – port/rail connections, for example – the available capacity can be better used.

As I said at the start, we have to approach transport policy in an integrated and holistic way if we are to reap the full benefits. And that is where the logistics industry has such a valuable role to play.

Thank you for your attention.