

DRAFT

Remarks of Mr. Angelos Pangratis, Deputy Head of Delegation
of the European Commission
before the
Annual Meeting of the American Public Transportation Association
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San José, California

Thank: APTA – particularly
Pleased EU invited to participate
VP Barrot regrets he could not attend + good wishes of success to APTA+ event
I am delighted be with you

Introduction

Use time allocated to me to provide you a European perspective:

- i. As an **EU scene setter** :
 - few key figures on the role transport plays in our economy – and
 - in a few words our main policy orientations
- ii. Concentrate on how the EU is tackling the **main challenges** of mobility,
- iii. Finally, a few words about the status of the **EU-US Aviation Negotiations**

1. EU scene setter: facts and policies

a) Key data: transport in the EU economy

- The transport industry accounts for about 7% of European GDP and -is a major employer (over 10 million jobs in transport related sectors including services, equipment, and infrastructure.

➤ It is a growth industry: during the period 1995-2004: - goods transport grew by 28% and -passenger transport by 18%

* Rail freight transport has halted its relative decline since 2001 and is on a growth path in a number of MS. Meanwhile rail passenger transport has increased considerably⁰⁰ and almost a quarter of this is attributable to high speed trains.

* Intra-EU air travel grew by more than 50% in the same period⁰⁰ despite the decline following 9/11.

Low-cost operators like Ryan Air and Easy Jet now account for 25% of all scheduled intra-EU air traffic and have stimulated the growth of regional airports

* Maritime transport accounts for 40% of internal goods transport, surpassed only by road transport, and nearly 90% of our external trade is by sea. Nearly two billion tons of goods are loaded and unloaded every year in over 1,000 EU ports.

. One quarter of ships in the world fly a European flag and 40% are European-owned.

b) the policy

- Over the past 15 years : **clear and stable objectives but evolving policies responding to a rapidly changing context**
- The objectives have remained valid: to help provide Europe with efficient, effective transport systems that:
 - offer a high level of mobility to people and business throughout the Union
 - protect the environment,
 - contribute to energy security,
 - offer adequate security to the passenger and citizen
 - connect the EU internationally to its trading partners and stimulate and promote innovation:
 - *regulatory, managerial and operational innovation (emergence of low cost operators in air travel) and also
 - *industrial and technological innovation (like in the High speed trains area or the EU's satellite navigation system Galileo which on the basis of an Agreement signed at the EU-US Summit in June 2004 will be fully interoperable and compatible with the US GPS)
- the context of transport policy has evolved dramatically:
 - **Enlargement** of the Union from 15 to 25 MS in May 2004 and soon to be 27 MS (Romania and Bulgaria) has given the EU a continental dimension.
 - **Industry is consolidating**, especially in aviation and maritime transport
 - Transport is becoming a **high-technology** industry, making research and innovation crucial
 - **International environmental commitments**, including those under the Kyoto Protocol on Climate Change, must be integrated into transport policy
 - Transport's high **energy** consumption means that our policies must also contribute to the EU's policy on energy, in particular as regards energy efficiency and policies to affect demand, all supported by new technologies
- Against this background the EU's policies contents and instruments are evolving
 - the **internal market remains the main instrument** for achieving a vibrant transport industry which brings growth and jobs. The basic internal market legal framework is largely in place. One key policy objective is

promoting **integration between modes** in order to optimize the functioning of all parts of the transport network and contribute to sustainable mobility

- **Rail** has shown its strengths in passenger transport, notably on high-speed connections between city centers and remains a strong priority.

On 23-24 September there was a big celebration in Paris in honour of the

25th anniversary of the TGV! Great success story

Enlargement new opens opportunities: new long distance (over 500 km) rail links which combined with efficient logistics operations may compete with road transport to provide environmentally friendly door-to-door service.

In the **Maritime** sector, the EU has launched a great debate via its Green Paper of June 2006 on a future EU Maritime Policy to develop a comprehensive strategy for a "common European maritime space";¹⁰⁰

In the **Aviation** sector, the huge success of liberalization initiated a decade ago must be consolidated. In July the 2006 the Commission adopted a proposal to modernize the Single Market for aviation. The proposal will address inconsistent application by EU Member States¹⁰⁰⁰⁰⁰ and impose **transparency in fares** announced to passengers.

As far as **Urban Transport** is concerned, **EU cities** themselves, rather than the EU, are in the driving seat. London, Stockholm, and other cities have active sustainable mobility policies in place as an alternative to cars. The EU can promote the study and exchange of best practice across the EU in areas such as transport infrastructure, norm-setting, congestion and traffic management, public transport services, infrastructure charging, safety, etc. The EU is working on new **legislation** on public transport services, I will come back on this under "congestion"

II. The challenges (Security, Congestion, Financing)

a) Security

a.i.) EU measures and policies

- Post 9/11, the EU :
 - adopted mandatory rules setting standards in aviation security at all EU airports. They are based on standards contained in ICAO Annex-17 and recommendations of the European Civil Aviation Conference, as well as Commission proposals.
 - adopted several legislative acts to strengthen maritime security, including legislation to implement the provisions adopted at the International Maritime Organization such as the International Ship and Port Facility Code (ISPS), as well as extending the principles of this Code to the whole port area.
 - Commission also undertakes inspections of Member States to ensure the correct application of these security standards. °°°°
- The attacks on commuter trains in **Madrid** on 11 March 2004 (191 killed) and on the underground and a bus in **London** on 7 July 2005 (52 killed), show that public transport is a particularly soft target for terrorists.
- The organization and attribution of responsibility for security of public transport in the MS of the EU **does not follow a consistent pattern**. Apart from the State's overall responsibility for security matters in general, the spectrum shows cases where:
 - others where policing remains fully in the hands of the state police as well as schemes which contain elements of operator and police responsibility.
 - The European Commission is considering whether, and if yes, what kind of action is required in this area at **EU level**. To this end, the **Commission has engaged in a dialogue** with the public transport sector through the Group of Experts from the International Union of Railways (UIC), the International Union of Public Transport (UITP) and COLPOFER, and the forum for railway company security managers. The Commission will come forward with its views via a Communication to the Council and the European Parliament **early next year**.
- Actions taken by the EU and its MS since 9/11, in coordinated fashion under an **overall vigorous EU counter-terrorism strategy**, have yielded solid improvements and results, including the August 2006 capture in the UK of would-be terrorists plotting attacks against US bound passenger airliners

a.ii.) EU-US cooperation

➤ the EU and the United States are staunch allies in the fight against terrorism. Security of course requires international co-operation. In the area of transportation security, EU and US have made significant improvements working together to address a common threat.

➤ Trans-Atlantic co-operation has been robust since 9/11 and includes both:
i. regular EU-US policy oriented meetings via the

- EU-US Transport Security Co-operation Group and
- the Policy Dialogue on Border and Transportation

ii. concrete measures/results oriented work such as:

* As a result of the August aviation plot in the UK we worked closely with the Transportation Security Administration to successfully coordinate additional security measures to address the threat of liquid explosives. This means no less than avoidance of duplication of procedures at airports which is of crucial importance for operators.

* We have had excellent co-operation with the US Coast Guard on reciprocal EU-US port visits which allow us to share best practices. The Coast Guard has visited a number of EU ports and an EU visit to port of NY/NJ took place in July 2005 and a visit to the port of Long Beach CA is planned for this November.

* The EU/US Customs Cooperation Agreement was expanded in 2004 to foster cooperation on securing the international trade supply chain. The EU/US Joint Customs Cooperation Committee, made up of representatives from the Commission, Member States and the US administration (Customs and Border Protection) is currently working on the implementation of a comprehensive action plan. This 10 point plan includes measures such as agreeing on:

* minimum security requirements in ports as well as

* control standards, exchanging information,

* setting up a joint threat assessment, and

* posting European liaison officers at the US National Targeting Center.

* We also just reached last week a new interim agreement on access to Passenger Name Record (PNR) information.

➤ We also highly value and support, together with the US, the significant efforts of the International Maritime Organization, the International Civil Aviation Organization and the World Customs Organization in setting standards and recommended practices for transport and trade security. We also supported and participated in the Ministerial Conference on International Transport Security in Tokyo in January (2006) and the follow-up meeting in Paris in June (2006).

b) Congestion

- More than 75% of the population of the European Union lives in urban areas. Therefore urban transport accounts for a significant part of total mobility and an even greater proportion of damage to the health of citizens and to buildings. For example, one-fifth of all EU kilometers traveled are urban trips of fewer than 15 km. Between 1995 and 2030, total kilometers traveled in EU urban areas are expected to increase by 40%. The car is dominant, contributing about 75% of kilometers traveled in EU conurbations. Cars cause so much congestion that, in some European cities, average traffic speeds at peak times are lower than in the days of the horse-drawn carriage.

- As I said before Urban transport is the responsibility of MS and Cities. The EU is working toward the definition of a **new strategy** which we hope will provide a clear and stable legal framework to promote sustainable mobility in an urban context. The strategy would include a range of actions promoting:

* **market take-up** of lower-consumption vehicles and new propulsion technologies to reduce emissions,

* **demand management schemes** such as parking controls and access restrictions, * **information systems** for better traffic management and improving traffic flow, * **integrated** inter-modal systems of freight and passenger transport such as city logistics and improved terminals,

* **fair and efficient pricing regimes**, promoting efficient public transport modes to people with reduced mobility, and supporting and promoting cycling.

- **The trans-European transport networks** provide the physical infrastructure for the internal EU market, the main objective of which is to provide for **interconnection and interoperability** of national networks as well as access to such networks. This network policy was born as a result of the **Maastricht Treaty** which was signed in the 1990s. It is envisaged that by 2020, these networks will include 89,000 km of roads and 94,000 km of railways, including 20,000 km of high speed rail lines suitable for speeds of at least 200 km/h. Nevertheless^{oooo}, areas in Europe's "mid-west" and around the mountain ranges which cut through the continent, as well as many cities, suffer from congestion and pollution. Investment in viable alternatives to congested road corridors will need to be explored.

- In **Aviation**, projections for the development of air traffic in Europe show that it should more than **double** in the next 20 years, or **even triple** in some regions, particularly Central Europe.

The response: Since March 2004 the **Single European Sky initiative** set up a new institutional and organizational framework for Air Traffic Management in Europe, replacing the constrained situation of fragmented national borders. The EU's SESAR programme is the industrial and technological arm of the Single Sky and aims to develop a **new generation European air traffic management system**. Last July Commission Vice-President Jacques Barrot, the Commissioner responsible for Transport and Marlon Blakey, FAA Administrator, signed a co-operation agreement

that will ensure co-ordination between SESAR and the US NGATS (Next Generation Air Transport System).

- The spectacular growth of **containerization** in the **maritime sector** and the ever growing freight volumes means we also must enhance the **efficiency and capacity of our ports**. This requires:

*Legal security for investments (establishing clear rules for the public and private sector for the building of new infrastructure),

*Incentives for modernising infrastructure and services, and coping with growth through specialisation. What we call "**Motorways of the Sea**" is an example of specialisation through cooperation between two or several ports. Promoted in this way, short-sea shipping for example between Spain, France and Italy would reduce traffic travelling across the Alps and the Pyrenees.

- In many ways **the US** faces its own congestion and transport infrastructure financial challenges. In fact, we noted with great interest former Secretary of Transportation Norman **Mineta's initiative last May** to address congestion issues and we look forward to exchanging ideas and best practices with his successor **Mary Peters**.

III. EU-US Aviation Negotiations

- c) **Financing**
- c.i) In 2004 the EU identified a series of 30 trans-European Transport priority projects, the full cost of which is estimated at around **EURO 250 billion**. A number of EU funding sources are available to support TEN projects:
- *The dedicated TEN-T budget is used to finance preparatory studies (up to 50%) and to fund construction (up to 10% of the total cost, and since 2004 up to 20% in exceptional cases).
 - *The Structural and Cohesion Funds may fund TEN-T infrastructure projects in specific regions. In the period 2000-06, these funds will have contributed around EUR 20 billion to TEN-T projects, in particular in Greece, Ireland, Portugal, and Spain.
- EIB
- **EU funding can act as a catalyst** to get projects going, but **Member States** must find the majority of the funding. However, the public financing capacities of the Member States remain constrained. Considering the limited resources available, the EU will need to focus its co-financing of the TEN's budget on critical border crossing sections and other main bottlenecks. New types of financial engineering will need to be developed as well as a more active use of **public-private** partnerships.
- c.ii) **Charging for the use of infrastructure** is increasingly common in the EU. For example, **London** introduced a congestion charge and **Germany** recently followed the example of other MS by introducing a motorway charge for commercial vehicles. I would also note that the **EU** has just adopted a **new road charging Directive** as a framework for the introduction of modulating tolling for trucks on the trans-European network.
- c.iii) The Commission has also developed tools to finance innovative projects for **clean urban transport**, such as the **CIVITAS** initiative and **CUTE**. (Clean Urban Transport for Europe). **CIVITAS** has invested up to 100 million Euros in projects like in the **city of Graz in Austria** where a fleet of buses are running on 100% biofuel coming from recycled oil.
- c.iv) We also continue to have a **debate within the EU** about the **financing of security measures**. In **August 2006, the Commission published a report** on the financing of security measures in the aviation and maritime sectors. The report concludes that security costs in transport can be significant and are currently largely borne by users. It also provides insight into the different financing mechanisms which exist in the Member States and warns that the **heterogeneity of approach may distort competition**. It further concludes that more transparency of security taxes and charges would benefit the users of transport services.

- In closing, I would like to raise a pressing issue.
- **The E.U.-U.S. Summit in June** this year mandated both parties to redouble their efforts to conclude an E.U.-U.S. air transport agreement by the end of this year. This agreement would be the first ever aviation treaty between Europe and the United States, the two largest aviation markets in the world, and would deliver substantial economic benefits for the citizens and industries of both sides. Moreover it would provide a concrete demonstration of the strong transatlantic ties called for by President Bush when he visited Brussels in 2005.
- Most of the work on the agreement was completed in November 2005, but one decisive element remains to be finalised. The 25 transport ministers of the E.U. had anticipated that they would have been able to take a decision to approve the agreement at their meeting on 12 October on the basis of the DOT's final rule on control of U.S. air carriers. Unfortunately this reform has been delayed.
- I would like to emphasise that the E.U. continues to regard progress in this area as an essential element in ensuring a balance in market access opportunities.
- And we continue to regard the agreement as a profoundly beneficial step -towards
 - creating a sounder air transport industry on both sides of the Atlantic
 - creating better conditions for both term Investment and employment
 - providing better services to users

Conclusion

- We share many of the same challenges on each side of the Atlantic
- We can learn a lot from each other transport policies in all areas
- and do much together to advance
 - the development of this important economic sector and
 - its input to the overall growth of our economies
- We are keen to continue the excellent good relations established under Norman Mineta with his successor Mary Peters.

Thank you very much!