

# Combined transport directive review

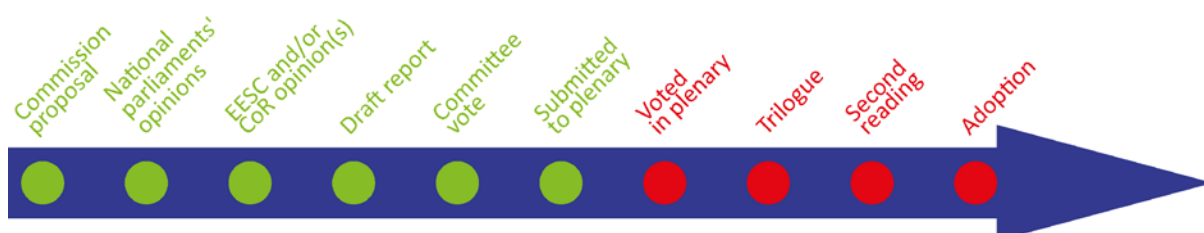
## Getting more goods off EU roads

### OVERVIEW

The European Union's efforts to reduce the negative impacts of transport include promoting a shift from road freight transport to lower-emission transport modes. This also includes combined transport operations, which consist of at least one road leg for initial or final haulage and one non-road leg, on rail or water. The 1992 Combined Transport Directive set out measures that were meant to increase the competitiveness of combined transport against road-only transport.

In 2017, the Commission proposed to simplify the existing rules and make combined transport more attractive by means of economic incentives. The European Parliament's Committee on Transport and Tourism adopted its report in July 2018, and the Transport Council meeting of 3 December 2018 agreed a general approach. However, as trilogue negotiations have not made progress on reaching a compromise, Parliament has decided to close the file at first reading, with a plenary vote scheduled for March 2019.

<b>Proposal for a directive of the European Parliament and of the Council amending Directive 92/106/EEC on the establishment of common rules for certain types of combined transport of goods between Member States</b>		
<i>Committee responsible:</i>	Transport and Tourism (TRAN)	COM(2017) 648 8.11.2017
<i>Rapporteur:</i>	Daniela Aiuto (EFDD, Italy)	2017/0290(COD)
<i>Shadow rapporteurs:</i>	Claudia Schmidt (EPP, Austria) Isabella De Monte (S&D, Italy) Kosma Złotowski (ECR, Poland) Izaskun Bilbao Barandica (ALDE, Spain) Marie-Pierre Vieu (GUE/NGL, France) Jakop Dalunde (Greens/EFA, Sweden) Georg Mayer (ENF, Austria)	Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')
<i>Next steps expected:</i>	First-reading vote in plenary	



## Introduction

Transport, the backbone of the EU economy, has negative consequences in terms of pollution, congestion, climate change, noise and accidents. In a bid to reduce the negative impacts of road freight transport in particular, Europe has resolved to make better use of lower-emission transport modes (inland waterways, maritime and rail) and promote intermodal transport. The 1992 Combined Transport Directive established measures intended to increase the competitiveness of combined transport (CT) operations compared with road-only transport.

While the directive helped the CT sector to take off,<sup>1</sup> road freight kept growing as well, owing to globalisation and the increased need to transport goods. Today, the haulage market is still [dominated](#) by road transport, which is expected to [grow](#) by about 40 % by 2030 and 80 % by 2050.

In the 2011 [white paper on transport](#), the European Commission set the goal to shift 30 % of road freight over 300 kilometres to other modes of transport by 2030, and over 50 % by 2050. The Commission now [admits](#) this goal will not be reached, as intermodal transport in the EU has not risen enough.

With the 2015 [Paris Agreement](#), the EU has committed itself to cutting its domestic CO<sub>2</sub> emissions by at least [40 %](#) by 2030 and moving towards a low-carbon economy. To achieve this, the Commission has reviewed the transport legislation and put forward a set of legislative proposals to make transport safe, connected and clean ('Europe on the move' [mobility package](#)). The CT directive review, announced in the Commission's 2017 work programme, is part of this initiative.

While CT's share of the wider freight market is [modest](#), it is already having considerable impact, for instance: reducing congestion in and around EU maritime ports, transporting rail freight across the Alps, ensuring the cost-efficient transfer of containers between maritime and inland ports on high-capacity barges and providing short maritime transport services between ports.

## Context

Combined transport has existed for more than 50 years since global shipping lanes began transporting the first containers. In terms of industry activity and markets, the sector is a landscape of different segments (not all covered by the CT Directive), making data collection a challenge.

The original distinction between 'maritime CT' (inter-continental shipments of maritime containers between EU sea ports and inland terminals) and 'continental CT' (the movement of EU containers, swap bodies<sup>2</sup> or semi-trailers between inland terminals in EU countries) has blurred, as the two increasingly overlap, owing to advancing [railway liberalisation](#).

It is, therefore, more useful to split CT according to other criteria. There are three main modal combinations: rail/road, inland waterway/road and short sea/road. The share of total CT rail/road is estimated at [15 to 18 %](#) of the relevant road freight market.<sup>3</sup> The share taken by CT short sea/road is at [20 %](#) of total short sea container traffic and the share of CT inland waterway/road operations amounts to [9 to 11 %](#) of total inland waterway traffic. Moreover, the increasing integration of supply chains has made also trimodal combinations more common (for instance sea/rail/road).

**Multimodal transport:** carriage of goods or passengers by at least two different modes of transport.

**Intermodal transport:** multimodal transport of goods (in one and the same loading unit or a vehicle) by successive modes of transport without handling of the goods themselves when changing modes. The vehicle can be a road or rail vehicle or a vessel.

**Combined transport:** intermodal transport where the larger part of the journey is by rail, inland waterways or sea and any initial and/or final leg carried out by road is as short as possible.

**Transshipment:** moving the loading unit from one mode to another (such as a container from a truck onto a train) as opposed to manual un/loading of goods.

Source: European Commission [website](#) and [SWD\(2016\)140](#).

When it comes to the type of service provided, in '[unaccompanied](#)' CT, the load unit (such as a shipping container) moves by rail, inland waterway or sea without being accompanied by a driver and/or traction unit. By contrast, in 'accompanied' CT, not only the load unit, but also the traction unit and driver are transported (such as an entire truck carried on a rail wagon) usually either over short distances, or to overcome geographical obstacles.

Concerning geographical coverage, CT services can be performed in one country (also 'intra-Member State' or 'domestic'), in the EU ('intra-EU'), which may include transit through a non-EU country, for instance Switzerland, and internationally (including one or more EU country and a non-EU country).

EU CT rail/road traffic runs on more than 100 individual [trade lanes](#), the [largest](#) being *Germany to Italy* (via Austria), followed by *Germany to Italy* and *Belgium to Italy* (both via Switzerland). The EU's domestic CT segment is much smaller than its international one.<sup>4</sup> Germany has the [biggest](#) EU market, followed by Sweden, France and Italy. As for CT inland waterway/road, the hinterland of the Zeebrugge, Antwerp, Rotterdam and Amsterdam seaports accounts for about 80 % of the entire volume in Europe.

In 1993, more than 20 European states signed a United Nations Economic Commission for Europe (UNECE) general agreement on international CT ([AGTC](#)), setting minimum [infrastructure standards](#) for international CT lines.

## Existing situation

Of the EU measures promoting cleaner transport, the CT Directive ([92/106/EEC](#)) is the instrument directly supporting the shift from road freight to lower-emission transport modes.<sup>5</sup> It does not impose obligations to use CT, but establishes criteria for [support measures](#) and leaves operators free to decide whether they use it.

In regulatory terms, the directive guarantees the freedom to provide cross-border services, protecting CT from national restrictions (authorisations, regulated tariffs and quotas). It also clarifies that road cabotage limitations ([rules](#) for undertakings operating on national haulage markets other than their own) do not apply to international CT road legs.<sup>6</sup> Lastly, it allows vehicles used on CT road legs to carry [heavier loads](#) than road-only transport,<sup>7</sup> compensating for the load unit or container's tare weight.

As an economic incentive, road vehicles predominantly used in CT are completely or partially exempt from road taxes (while there is a user fee paid for the rail infrastructure used).

Although the directive has helped to shift a share of freight away from the road (estimated by the Commission at about [2.5 trillion](#) tonne-kilometres, saving €2.1 billion in 2011 alone),<sup>8</sup> the shift has been slower than expected. The 2015 [analysis of EU combined transport](#) by KombiConsult identified as causes leading to this situation the fluctuating quality of the services provided, the failure of the rail industry to achieve full separation of trains from tracks, the lack of physical interoperable infrastructure and electronic ICT infrastructure, and poor data collection. In contrast, two measures were seen as particularly effective: aid to CT operators and grants for the construction of CT terminal infrastructure. As for the

The directive defines CT as transport of goods

- between Member States where the lorry (or trailer, semi-trailer, with or without tractor unit, swap body or container of 20 feet or more) uses the road on the initial or final leg of the journey and, on the other leg, rail or inland waterway or maritime services; where this section exceeds 100 km as the crow flies and makes the initial or final road transport leg of the journey;
- between the point where goods are loaded and the nearest suitable rail loading station for the initial leg, and between the nearest suitable rail unloading station and the point where goods are unloaded for the final leg, or
- within a radius not exceeding 150 km as the crow flies from the inland waterway port or seaport of loading or unloading.

The definition does not cover CT operations within one Member State, or between one Member State and a third country.

CT Directive, the study suggested revising or removing parts of the text and harmonising application of key provisions across Member States.

The Commission recognised two sorts of [problem](#): the lack of investment in intermodal infrastructure (mainly transshipment terminals), and some shortcomings in the CT Directive, including complex and narrow eligibility criteria, ineffective and insufficient economic support, little monitoring and no review mechanism, ambiguous language and obsolete measures, such as the use of paper documents and stamps.

## Comparative elements

To protect fragile Alpine areas, **Switzerland** has long been [stimulating](#) a modal shift from road to inland waterway and, in particular, to rail. In 1999, it started building ambitious new Alpine rail links, including three base tunnels under the Alps. In 2001, it introduced a road toll for trucks above 3.5 tonnes, to cover the external costs of road freight, such as noise and pollution.

The country also runs several CT support programmes. It offers direct grants for trans-Alpine unaccompanied rail/road CT services, supports investments in CT terminals and equipment and reimburses the road toll on road legs of unaccompanied CT operations. The Swiss approach, based on market economy measures coupled with rail infrastructure adaptation, appears to be bearing fruit. While in 2000, about 1.4 million trucks crossed the Swiss Alps every year, mostly as transit traffic, in 2016 there were 650 to 700 thousand fewer trucks.

In **North America**, relevant CT operations are performed only by rail. In the 1970s, US rail freight was [close to collapse](#), but after deregulation in 1980 rail [revitalised](#) and CT grew rapidly. Although US and EU gross domestic product and rail network length are comparable, US railways move [six times](#) as many tonne-kilometres owing in part to the efficiency of their intermodal terminals. The US rail system is private and railways have to raise the funds for investment and perform CT services without state aid. Private-public partnerships are being used increasingly.

## Parliament's starting position

In 2015, with respect to [multimodal transport](#), the Parliament called for standardisation of intermodal loading units and uniform provisions on loading safety. It asked the Commission to put intermodality at the heart of EU transport policy and to propose a digital framework to facilitate multimodal transport management by means of the electronic exchange of information (e-freight).

In 2017, the Parliament pointed out that CT needs to be strengthened and asked the Commission to provide clear, modern and comprehensible [rules](#) that can be implemented by the authorities. Later, it specifically called on the Commission to [revise](#) the CT Directive to increase multimodal transport, eliminate unfair practices and ensure compliance with the social legislation relating to CT.

## Preparation of the proposal

Between 23 May and 15 August 2014, the Commission carried out a 12-week public consultation via an online questionnaire. The [report](#) analysed the answers of the 93 respondents and identified the exemption from cabotage rules as the most useful of the existing measures, followed by the tax advantages. The main problem was seen in the varying implementation of cabotage exemptions. Further, some Member States were said not to have applied any of the benefits of the CT Directive.

An external [analysis of EU combined transport](#) (by KombiConsult) published in January 2015 found that most Member States had transposed the directive into national legislation, although the transposition quality varied. In April 2016, the Commission published the [report](#) from REFIT evaluation, and in November an [inception impact assessment](#), outlining the intended changes.

Stakeholders were consulted again in [2017](#), to give their views on the proposed policy measures and options. Between 23 January 2017 to 23 April 2017, the Commission received 79 questionnaires

and six position papers, mostly from the transport and logistics sector in 17 Member States and Switzerland. Another consultation, focusing mainly on the definition and economic incentives, ran from 10 to 31 March 2017 and collected 122 questionnaires from 12 Member States and Switzerland.

While stakeholders viewed the support given by the CT directive as insufficient, two measures were seen as effective: the exemption of road legs from cabotage rules and the load weight exception. The Commission met with stakeholders on 30 March 2017 and with Member States on 10 April 2017.

The proposal is backed by an [impact assessment](#) (IA) building on the KombiConsult analysis and evaluating intervention [scenarios](#). The IA was bolstered by updated CT data ([2017](#)) and additional data on CT operations ([2018](#)), collected from about 120 European and national trade associations. EPRS has published an [initial appraisal](#) of the IA.

## The changes the proposal would bring

While the original CT Directive applied to transport of goods between Member States, the [proposed directive](#) broadens the scope to include national intermodal operations (almost 20 % of the total intermodal transport in the EU). Therefore, the title is adjusted to reflect this.

The proposal simplifies the definition of a CT operation, as regards both the non-road leg and the initial/final road leg. The maximum length of the road leg can be 150 km or 20 % of the total distance, for any non-road leg type (rail, inland waterways or maritime), while flexibility is allowed for specific geographical or operational constraints, to reach the nearest rail terminal.<sup>9</sup> To speed up handling in terminals, only standardised load units can be used in CT. However, a new provision excludes from CT sea or inland waterway routes for which there is no road alternative.

As for the evidence needed for each CT operation, both existing transport documents and electronic means are accepted. Listing the elements to be provided, the proposal specifies that no further information may be requested. Starting 18 months after the transposition date, Member States will have to report on CT-relevant data, including those on infrastructure in their territory and national support measures, every two years.

Economic support is extended. Member States will have to support investment in CT infrastructure and facilities (construction or expansion or increasing operational efficiency of transshipment terminals), in particular along the [trans-European transport network](#). They must coordinate support with their neighbours and the Commission, to avoid overlapping investments and excessive terminal capacity. Further, Member States may adopt additional support measures (such as taxes) to make CT operations more competitive with their road transport equivalents.

The distinction between CT for hire or reward and for own-account will cease.<sup>10</sup> Member States must appoint one or more authorities to be responsible for implementation and to cooperate with authorities of other Member States, exchanging information on support measures and best practice.

## Advisory committees

The EESC in its [opinion](#) (rapporteur Stefan Back, Group I – Employers, Sweden) welcomes the inclusion of domestic operations. Appreciating the new delimitation of the road legs, it cautions that the '20 % of the total distance' limit for road legs could lead to road transport distances above 300 kilometres counting as CT. As for the density of transshipment terminals, the EESC questions whether the objective of a maximum distance of 150 kilometres from any location in the EU to the nearest terminal is realistic. Further, it asks why the 'cabotage exemption' remains unchanged, pointing at the currently pending proposals on [cabotage rules](#) and [social aspects](#) of road transport.

The European Committee of the Regions, in its [opinion](#) of 5 July 2018 on low-emission mobility (rapporteur: Michiel Scheffer, ALDE, The Netherlands), proposes to exclude the peripheral and outermost regions from the rules on minimal density of terminals.



## National parliaments

Only the Swedish [Riksdag](#) submitted a reasoned opinion within the subsidiarity [deadline](#) (22 January 2018). Noting the provisions concerning the CT road leg should be coordinated with the proposed changes to [cabotage rules](#) and adapted to developments in the sector, the Riksdag opposes the requirement on the maximum distance between transshipment terminals, which it sees as a question of national infrastructure planning. It questions the Commission's assessment of the related costs to businesses and individuals, as compared to the potential gains. Arguing that for a large country, such infrastructure investment costs could go far beyond the aim of the directive, it considers the requirement on terminal density not compliant with the principle of proportionality.

For the [Czech Senate](#), the shift of freight away from road will involve costs related to the renewal and possible construction of rail and inland waterways, road connections to terminals, stocking capacity at transshipment terminals and CT destinations. The Senate requires an extension of the transposition deadline to 30 months and believes that the length of the road leg or its share in the total route should not be the sole criterion for identifying CT, but that environmental, economic, operational and technical criteria should be applied.

## Stakeholders' views<sup>11</sup>

Most stakeholders welcome the extension of the application of the CT Directive to all operations in the EU and all modes of transport, as well as the removal of the minimum length of 100 kilometres. To the [Nordic Logistics Association](#), however, the proposal is a 'missed opportunity' to simplify the CT rules, as it does not address the unfair competition and social dumping issues and lacks clarity.

Some stakeholders are against the '20 % of the total distance' provision. [Kombiverkehr](#), a CT provider, believes that its implementation would require a heavy and costly system of evidence, compromising the efficiency of CT operations. [CER](#), representing railway and infrastructure companies, adds that it would clash with [Directive 2015/719](#) on weights and dimensions of road vehicles and be detrimental to legal clarity for CT operations.

Views diverge on replacement of the term 'nearest suitable terminal'. [UIRR](#), representing road-rail CT operators and transshipment terminal managers, asks for the possibility to exceed the maximum allowed road leg distance on either end of a CT operation. [Kombiverkehr](#) argues such a possibility should be permitted for CT rail/road only, while [CLECAT](#), speaking for freight forwarding and logistics organisations, believes it should apply to all CT operations and not just road/rail.

Concerning admissible loading units, CER points out that the reference to international standards for all units will exclude non-craneable semi-trailers from its scope. As the directive should remain technology-neutral, it suggests restricting the reference to cases where these standards apply, while UIRR asks for a seven-year derogation from compliance.

In terms of the evidence required to prove a CT operation, CER warns that the proposed measures will impose a heavy administrative burden and reduce the attractiveness of CT. Instead, it supports the solution proposed by UIRR, that is to provide different datasets as evidence (information on a CT operation as planned must be available at any time, while information on a CT operation as performed can be provided ex-post).

While the introduction of electronic documents is seen as positive, UIRR proposes that it be clearly stated that electronic signatures on the electronic documents are acceptable and CLECAT wants the outdated use of stamps and signatures to be stopped. CER also notes that for commercial and security reasons, precise information concerning the nature of the cargo should not be shared.

UIRR underlines the need to maintain the legal equivalence of intra-EU road haulage and intra-EU CT operations. CLECAT is explicitly in favour of maintaining the cabotage exemption, whereas the Nordic Logistics Association is against, arguing that that the same social rules should apply to operators carrying out a road leg of a CT operation as to local road transport operators.

While all welcome the extension of economic support, CER also proposes to speed up the process of granting support to CT operators by making it automatically compatible with state aid rules, if the state aid is below 35 % of the cost of the CT operation.

## Legislative process

The Commission published the proposal on 8 November 2017. In the Parliament, the Committee on Transport and Tourism (TRAN) leads on the file, while the Committee on the Environment, Public Health and Food Safety (ENVI) has also given an opinion.

The TRAN rapporteur Daniela Aiuto (EFDD, Italy) put forward her [draft report](#) on 21 March 2018. The ENVI committee gave its [opinion](#) on 17 May 2018, prepared by Michel Dantin (EPP, France).

The TRAN committee adopted its [report](#) on 10 July 2018 by 34 votes in favour, 4 against and 2 abstentions; specifying that a road journey located outside EU territory cannot be considered as part of a CT road leg. The maximum authorised length of a road leg in a CT operation should be 150 km (thus removing the '20 % as the crow flies' alternative proposed by the Commission), unless duly justified. Cabotage exemptions should continue to apply only to international CT operations. During the September plenary session, Parliament confirmed the committee's decision to enter into interinstitutional negotiations.

The Council published a [progress report](#) on 18 May 2018. The main outstanding issue has long been the inclusion of domestic cabotage in CT, understood as equivalent to the liberalisation of domestic cabotage, which would open the door to illegal cabotage and unfair competition.

The [Transport Council](#) of 3 December agreed a [general approach](#). The new rules would apply to international CT operations (between EU countries or between an EU country and non-EU country). Under certain conditions, operations partly carried out in third countries could be included, but otherwise the scope of the directive would be maintained. There would be some flexibility on the length of the road leg to reach the nearest suitable transshipment terminal. Evidence requirements for CT operations would be clarified, and economic support measures extended, mainly for investment in trans-shipment terminals. Member States could limit [cabotage](#) to a maximum five-day time of continuous presence of vehicles on their territory. This agreement opened the way to interinstitutional negotiations (trilogues).

Two trilogue meetings between the Romanian Presidency of the Council and representatives of the European Parliament took place in January. Progress, however, was limited. The issue of concern is, in particular, the exemption from cabotage in international combined transport, linked to the uncertain outcome of three related [legislative proposals](#) in the mobility package. While the negotiators' objective was to complete discussions by February, disagreements in the Council made it impossible to reach agreement with Parliament. The TRAN committee has thus decided to close the file at first reading, with the plenary vote scheduled for March 2019.

## EP SUPPORTING ANALYSIS

- Pape M., [Logistics in the EU and multimodal transport in the TEN-T corridors](#), EPRS, January 2017.
- [Logistics in the TEN-T corridors](#), Policy Department for Structural and Cohesion Policies, March 2016.
- Remac M., [Multimodal and Combined Freight Transport](#), EPRS, July 2017.
- Tuominen U.-M., [Common rules for certain types of combined transport of goods](#), EPRS, January 2018.

## OTHER SOURCES

- [Combined transport of goods between Member States](#), European Parliament, Legislative Observatory (OEIL).
- [Analysis of the EU Combined Transport](#), final report, KombiConsult study, 2015.
- [2016 report on combined transport in Europe](#), International Union of Railways (UIC), January 2017.

## ENDNOTES

- <sup>1</sup> CT operations, measured in TEU (twenty-foot equivalent unit) have [quadrupled](#) over the last two decades, with a clear increase after the implementation of the CT Directive. CT grew on average almost [twice as fast](#) as the road transport sector as a whole and increased its share in total freight transport by [48 %](#).
- <sup>2</sup> [Swap bodies](#) are standardised loading units suitable for carriage on road vehicles and railway wagons. [Semi-trailers](#) are more costly and heavier, but can be coupled directly to a traction unit and do not need a road chassis (unlike containers and swap bodies). Terminals are interchange hubs between two transport modes, equipped with gantries and mobile cranes, and modern computer systems integrating tracks, storage areas, transshipment areas and road connections.
- <sup>3</sup> While the volume of intermodal rail traffic [increased](#) significantly between 2005 and 2015, conventional rail freight traffic remained at nearly the same level.
- <sup>4</sup> In [2011](#), international CT accounted for 52 % of TEU transported, 53 % of tonnes lifted and 44 % of total tonnes moved, while domestic CT for 17 % of TEU, 15 % tonnes lifted and 13 % of tonnes moved.
- <sup>5</sup> Another EU instrument, the [Marco Polo programme](#) (2007-2013), supported modal shift by [grants](#) to service operators.
- <sup>6</sup> For example, a load unit travelling from Belgium to Italy on a train, then transhipped onto a truck and delivered to its final destination in Italy, does not count as cabotage in Italy. The Court of Justice judgment in case [C-2/84](#) (*Commission v Italy*) confirmed that CT should be considered as one single interconnected international transport operation.
- <sup>7</sup> Maximum 44 tonnes for a vehicle combination in intermodal transport, while 40 tonnes in road-only transport.
- <sup>8</sup> Not [all](#) the increase in EU CT can be credited to the CT Directive. Other elements have contributed to CT growth, such as changes in business models, the development of container transport and ICT solutions, as well as some [national measures](#) (allowing CT-routed trucks to circulate at weekends and providing [further support](#)).
- <sup>9</sup> The shorter the road leg and the higher the employment rate of the load capacity of trains or vessels, the more environment-friendly CT operation chains are. While [most CT users](#) deliver or collect load units at the nearest suitable terminal, some use logistics systems based on accumulating large volumes at a single rail station, for economies of scale on the long-distance rail journey. Others may use a more distant CT terminal if it offers a wider choice of rail service providers, lower handling charges or greater handling and storage capacity.
- <sup>10</sup> The importance of the [own-account transport](#) in road transport has decreased, making this distinction redundant.
- <sup>11</sup> This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'EP supporting analysis'.

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