European Parliament

Transport policy

SUMMARY

Transport is a strategic sector of the EU economy. Essential to ensuring free movement, it enables people and goods to overcome distances, borders and natural barriers, directly affecting the everyday lives of all EU citizens. Maintaining the flow of goods from producers and manufacturers to consumers makes efficient transport systems a backbone of European integration. For the single market to function well in all regions, the EU needs sustainable, efficient and fully interconnected transport networks.

As the demand for transport services grows, reducing transport emissions and negative impacts on human health and the environment has become one of the main challenges. New technologies, such as digitalisation, and connected and automated mobility, open new possibilities to improve transport safety, security and efficiency, and to reduce emissions, but also transform the employment in the sector in terms of working conditions and required skills. Collaborative economy developments, such as car-sharing and bike-sharing services are changing user behaviour and mobility patterns. EU transport policy needs to help the sector cut emissions drastically by running on less and cleaner energy, utilise modern infrastructure, and reduce its impact on the environment.

The new President of the European Commission, Ursula von der Leyen, has put transport on a fast track towards becoming decarbonised and digital. This transformation is to be a key part of her European Green Deal and 'making Europe fit for the digital age' priorities. In 2020, the Commission will propose a 'climate law', committing the EU to becoming climate neutral by 2050. The European Council has endorsed this objective and Parliament had already called for ambitious goals and a corresponding long-term EU budget. While concrete steps towards this ambitious goal remain to be defined, it will require a step change to make transport modern, sustainable and decarbonised.

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State of play

The focus on European transport policy, which dates back to the Treaty of Rome, sharpened in the last quarter of the 20th century, with an emphasis on opening markets, setting conditions for competition, and addressing evolving connectivity needs. This has necessitated a certain degree of harmonisation of national laws and administrative rules, as well as of the technological and social environment in which transport services are provided.

Transport is an important economic sector, for both society and individuals. In the European Union, transport and storage services generated around €675 billion in gross added value in 2017 (current prices). Provided by more than 1.2 million enterprises, these services employ around 11.7 million people, some 5.3 % of the European Union's total workforce. Households spend an average of 13 % of their expenses on transport-related items.

With growing volumes of goods and passengers being moved around, transport sustainability has become a pivotal issue. Transport consumes one third of all EU final energy. Most of it still comes from burning oil, which generates greenhouse gas (GHG) emissions, aggravating climate change. Today, transport accounts for more than one quarter of all EU man-made GHG emissions, of which more than 70 % is produced by cars, vans, trucks and buses. Despite efforts to reduce them, these emissions have risen since 1990, while most other economic sectors have achieved reductions. The European Environment Agency (EEA) estimates that in 2017, EU GHG emissions were 28 % above 1990 levels and warns that without urgent action Europe will not achieve its 2030 climate targets.

Figure 1: EU GHG emissions in the transport sector, 1990-2017
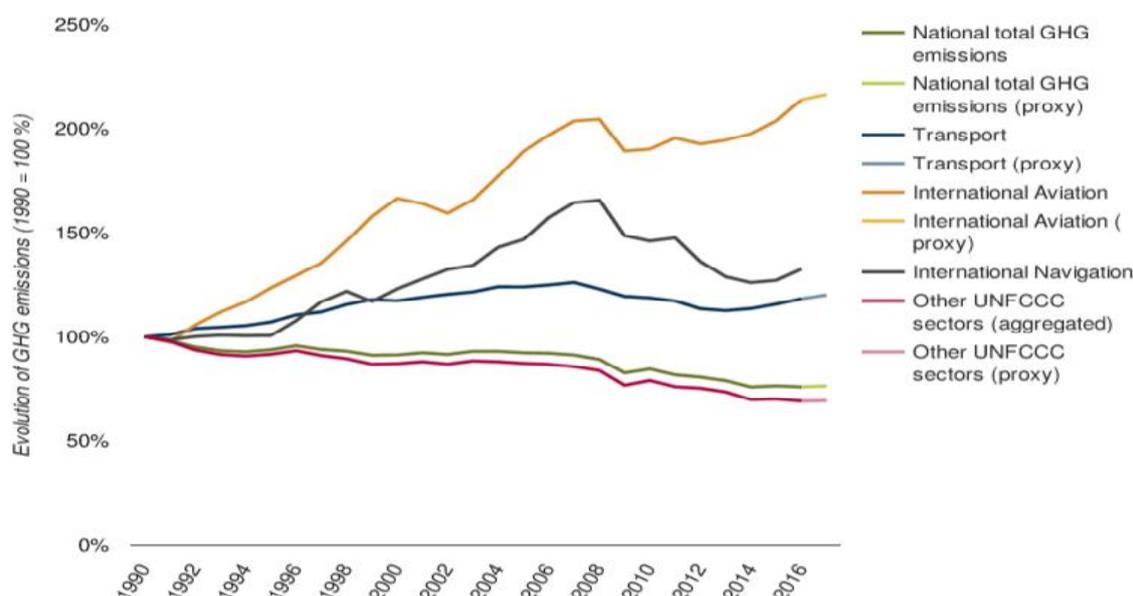
Source: European Environment Agency, 2018. Based on national emissions reported to the UNFCCC and to the EU Greenhouse Gas Monitoring Mechanism and approximated greenhouse gas emissions in 2017.

Transport is also a major source of noise and air pollution, mostly nitrogen oxide (NO_2) and particulate matter (PM), which harm human health and the environment. Transport infrastructure takes up large strips of land and divides natural areas into small patches, forming barriers for animals and plants. In cities, it takes up public space and contributes to urban sprawl.

While EU countries regulate transport and mobility issues individually, over the years, the EU has built a body of common rules and introduced some harmonised minimum standards.

EU framework

Policy framework

EU transport legislation covers a wide variety of topics in the following broad areas:

- **Air**. Opening up national markets, the EU created a single aviation market in 1992. It secures a level playing field for air carriers and protection for passengers, while common rules guarantee a uniform, high level of aviation safety across the sector. To prevent malicious acts against aircraft, their passengers and crew, the EU has adopted a set of security rules, where Member States retain the right to apply more stringent measures. To increase the efficiency of air traffic management and air navigation services by reducing the fragmentation of European airspace, the Union launched the single European sky initiative, which is still ongoing. The EU has also concluded a number of international air service agreements.

- **Road**. The EU has gradually liberalised international road haulage as well as cabotage (domestic transport performed by foreign hauliers) and passenger transport services. It has harmonised the relevant national legal provisions including State aid rules, technical specifications (maximum authorised dimensions and weights), as well as some social provisions and measures to protect the environment. As regards road safety, which is largely in Member States' competence, EU measures target vehicle conditions, the transport of dangerous goods and the safety of road networks.

- **Rail**. To create a single European railway area, the EU opened the rail freight sector to competition in 2007, and international passenger transport in 2010. Only a few Member States, however, opened their domestic rail passenger markets. All in all, the EU has adopted four packages of legislative measures to harmonise technical, administrative and safety aspects, essential for the interoperability of national rail systems. Further rules have addressed social harmonisation, access to infrastructure for railway undertakings and railway noise.

- **Maritime**. Most of the global rules laid down by the International Maritime Organization (IMO) have been transposed into EU law, to ensure their better enforcement. In addition, the EU has regulated access to the maritime transport market and adopted rules to safeguard competition, social conditions and environmental standards in the sector. Later regulations have focused on safety standards, quality of marine equipment, security on ships and in port facilities, seafarers' training and certification rules, and the system of inspections.

- **Inland waterways (IWW)**. EU rules target the harmonisation of transport rates and conditions, regulated market access, cabotage and recognition of certificates. This new layer of rules came on top of the existing regulations established by the Central Commission for the Navigation of the Rhine (CCNR). Cooperation agreements between the CCNR and the EU have paved the way for further IWW development.

To facilitate the movement of people and goods across Europe, the EU has been developing the trans-European transport network (TEN-T). It includes all transport modes and has two layers: a comprehensive network, which ensures connectivity of all EU regions, and a core network, which consists of those elements of the comprehensive network that are of the highest strategic importance for the EU. The core network is to be completed by 2030 and the comprehensive network by 2050.

Building on earlier strategic documents, the European Commission outlined its **transport policy goals** in its 2011 white paper, seeking to develop a single European transport area, reduce the EU's dependence on imported oil, cut CO_2 emissions in transport by 60 % by 2050 and modernise the transport system. The paper targets innovation, infrastructure, the external dimension, and the elimination of the remaining barriers to the internal market. It is complemented by several strategic

documents focusing on individual transport modes and cross-cutting issues. Following the 2015 Paris Agreement on climate change, the Commission strengthened the links between the EU's transport, energy and climate policies, the 2015 energy union strategy and the 2016 strategy for low-emission mobility, calling for action towards a more efficient transport system, the rapid deployment of low-emission fuels and the transition towards low- and zero-emission vehicles.

The Commission has put forward three sets of legislative and other initiatives for a socially fair transition towards safe, clean, competitive and connected mobility (the mobility packages) and transition towards a climate-neutral EU by 2050 in its 2018 strategy A clean planet for all. Recognising the potential of new technologies, the Commission's

The **legal basis** for EU action is the Treaty on the Functioning of the European Union (TFEU). Article 4(2)(g) and Articles 90 to 100 (Title VI) cover **transport**; Article 4(2)(h) and Articles 170 to 172 (Title XVI) deal with **trans-European networks** (TEN-T). In both fields, the EU **shares competence** with Member States. EU transport-related laws are generally adopted under the 'ordinary legislative procedure', whereby the Commission puts forward a proposal that is subsequently amended and adopted by the European Parliament and the Council. Responsibility for implementing and financing the measures adopted at EU level lies mostly with the Member States.

cooperative intelligent transport systems (2016) and connected and automated mobility (2018) strategies address a range of issues from automation to artificial intelligence, aiming to make the EU a world leader in connected and automated mobility. The 2018 action plan on military mobility outlines steps towards quality infrastructure to allow the movement of forces under permanent structured cooperation.

Financial framework

As responsibility for developing, financing and building transport infrastructure lies with the Member States, EU funding can only cover part of the total needs, often acting as a catalyst.

Under the **2014-2020 multiannual financial framework** (MFF), transport has been among the funding priorities of several EU funding instruments, complementing national financing. Within the European **structural and investment funds** (ESIF) (**managed by EU countries** themselves, by means of partnership agreements with the European Commission), the **Cohesion Fund** (CF)[1] and the **European Regional Development Fund** (ERDF) have among their thematic objectives sustainable transport and network infrastructure. While the Cohesion Fund (€63.4 billion) targets investment in energy or transport projects that benefit the environment and in transport infrastructure included in the TEN-T, support from the ERDF is broader: it can include projects enhancing regional mobility and connecting secondary and tertiary nodes to TEN-T infrastructure.

The **Connecting Europe Facility** (CEF) was created as the main instrument to part-finance EU key transport, energy and telecommunications infrastructure. With a transport budget of €24.05 billion for 2014-2020, the programme supports mainly TEN-T projects, focusing on cross-border sections, eliminating bottlenecks and replacing missing links, as well as on horizontal priorities (regular maritime freight links – motorways of the sea – and the European rail traffic management system – ERTMS). The **Horizon 2020** programme has earmarked €2.3 billion in support for research projects targeting smart, green and integrated transport, with a focus on innovation and demonstration. Both programmes are **managed directly** by the EU Innovation and Networks Executive Agency (INEA).

Various types of EU funding are available for transport projects: **grants**, European Investment Bank (EIB) **loans** and other **financial instruments**, such as loan guarantees. As grant financing (most of the programmes mentioned above), cannot cover the vast TEN-T investment needs,[2] the Commission has encouraged the use of innovative financial instruments and private sector involvement. EIB loans and the European Fund for Strategic Investment (EFSI) can be better suited to financing projects outside the TEN-T, provided they bring EU-added value and can become commercially viable.

Under the proposed [MFF for 2021-2027](#), spending for research is set to increase, while in some traditional instruments, such as the Cohesion Fund, it is to [decrease](#). Within the newly restructured [2021-2027 CEF](#) the part dedicated to transport could increase slightly. The programme will focus on doing more to integrate the transport, energy and digital sectors, contribute to EU climate objectives and promote the use of new technologies. Building on EFSI, a new investment fund [InvestEU](#) is to be set up, bringing all the EU's centrally managed financial instruments into a single, streamlined structure, so as to reduce overlaps and ease access to EU financing.

Meanwhile, the European Court of Auditors ([ECA](#)) has recommended targeting limited EU funds on the highest priorities and EU added value, for EU support to have maximum impact.

Deliveries of the 2014-2019 parliamentary term

Following up on the 2015 **aviation** [strategy](#) for Europe, the EU reviewed the basic [aviation safety](#) regulation. The new version includes the first EU rules on civil [drones](#), expands the mandate of the [European Union Aviation Safety Agency](#) and focuses on more efficient use of resources. Additional rules have been adopted to ensure [fair competition](#) between EU and third-country air carriers, enabling the Commission to launch investigations and adopt redressive measures if a practice distorting competition has caused injury or poses a clear threat of injury to an EU air carrier. The EU also launched negotiations on a series of comprehensive air transport agreements with non-EU countries and bilateral agreements on air safety.[3] Member States have yet to find a common approach to [fragmented EU airspace](#), distribution of [airport slots](#) and [air passenger rights](#).

In **road** transport, the Commission has proposed to change the [rules](#) for cabotage and for [access to the profession](#), in order to fight unfair competition and the practice of letterbox companies. Further, it has sought to improve drivers' [working conditions](#), enable the use of new technologies for better rule enforcement and ensure fair competition between national operators and [posted drivers](#). A [provisional agreement](#) on these issues has been reached, awaiting the legislators' final adoption. In the meantime, the EU has adapted the rules for electronic tolling ([EETS](#)), seeking better exchange of information on vehicle data. The outcome puts all road users on an equal footing, gives providers easier access to the toll collection market, and facilitates the use of a single on-board device when driving across the EU. The Commission is also proposing to change the rules on charging trucks for the use of certain infrastructure (the [Eurovignette](#) Directive), without any conclusive outcome yet.

With a view to **greening road transport**, two years after the [Dieselgate scandal](#), the EU tightened the rules on the homologation and market surveillance of new motor vehicles, giving the Commission the power to impose fines. New cars and vans will have to comply with stricter [CO_2 emissions limits](#) by 2030, on the basis of more reliable vehicle testing standards. For trucks, the Union has introduced the [monitoring and reporting](#) of CO_2 emissions and fuel consumption, as well as legally binding [reduction targets](#) for 2030. **Road safety** should improve through better designed

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Public expectations for EU involvement

EU citizens responding to a 2014 Eurobarometer [survey](#) on quality of transport services agreed that the most serious problems affecting roads were **congestion** (mentioned by 60 % of respondents) and **poor maintenance** (59 %). Among the measures needed to improve **road safety**, better road maintenance was mentioned first (59 %), followed by zero alcohol tolerance (49 %), and stricter speed limits and controls on the use of electronic devices while driving (both 27 %). For all other transport modes, **ticket prices** were considered by far the most serious problem, while for rail the lack of a reliable and punctual service was also important (33 %). [When](#) asked where they would like to see the **EU budget** being spent, 16 % of citizens named transport and energy infrastructure (and 17 % regional investment) among their first three choices in 2018. In a [2019 survey](#) exploring citizens' views on **air quality** problems, 27 % of respondents saw the solution in introducing air quality legislation, coupled with higher financial incentives (e.g. tax breaks, subsidies) for low emission products. In addition, 25 % saw as most effective stricter controls on emissions from new vehicles, and 19 % were in favour of traffic restrictions in polluted cities.

and regularly inspected roads, new trucks with more aerodynamic cabins, which also help save fuel, and new vehicles equipped with advanced safety systems and eCall technology.[4]

One milestone for **rail** transport has been the adoption of six legislative acts known as the fourth railway package. They finalise a set of reforms to modernise the sector, complete a European railway area without internal borders, improve market liberalisation and governance, and enhance rail technical compatibility. The first three 'technical acts' strengthen the powers of the EU Agency for Railways (ERA) in matters such as vehicle authorisation, safety certificates and the development of the common rail traffic management system (ERTMS). The three remaining acts ('the market pillar') seek to increase competition in order to achieve better and more affordable rail services. They open domestic passenger markets up to all EU rail operators, improve rail governance for infrastructure managers and rail operators alike, and make competitive tendering the norm in public service contracts. Efforts continue to strike a balance between reinforcing passengers' rights and reducing the burden on rail companies in issues such as compensation for delays caused by extraordinary circumstances, carriage of bicycles and rights of persons with reduced mobility or disability.

In the **maritime** sector, market access to some port services has been opened up[5] and the rules for financial transparency of port management clarified. Complying with administrative formalities should become much easier once the new rules adopted on harmonised digital reporting for ships start applying in 2025. The EU has also reviewed its rules on passenger ship safety. As for greening efforts, since 2015, all ships sailing in the 'emission control areas' (in EU waters: the Baltic and the North Seas) have to use marine fuels with a maximum 0.10 % sulphur content, while a 0.50 % limit applies in all other waters from 2020. In 2018, the EU started collecting CO_2 emissions data from ships of all flags above 5 000 tonnes coming to EU ports, and reviewed the rules for collecting waste from ships in ports. In **inland navigation**, the EU has updated the limits for pollutant emissions and homologation requirements for IWW vessel engines. Common technical requirements for vessels and rules for the recognition of professional qualifications have been adopted jointly with the CCNR.

The Commission has stepped up TEN-T development with increased funding sources. The focus has been on the better use of rail and inland navigation as less-polluting transport modes, integration of the different networks to enable multimodal solutions, and digital connectivity. The Commission has continued the deployment of the modernised air traffic management infrastructure (SESAR), of equivalent land and waterborne digital traffic management and information systems[6] and of the European satellite navigation system Galileo.

To reduce road transport in favour of greener transport, the EU has promoted the use of different modes of transport during a given journey (multimodality). To facilitate logistics, the Commission has proposed to digitalise the exchange of information on freight, and supported the development of transhipment facilities on the TEN-T.

The EU has changed the rules for public service contracts and tendering for road vehicles, obliging contracting authorities to take into account the energy and environmental impacts of their new fleet additions. This should mainly help reduce pollutant emissions in cities, but also serve climate-related efforts. Furthermore, in the area of **urban mobility**, the Commission has actively promoted the concept of sustainable urban mobility planning, financed a number of research and knowledge-sharing projects, and worked on integrating **cycling** into transport policy as a city transport mode.

As for new technologies, the Commission's mobility packages have emphasised different aspects of **digitalisation**, automation and connectivity, in particular their capacity to improve road safety and traffic efficiency, and reduce emissions. In terms of integrating disruptive technologies, the Commission has adopted a coordinated plan and ethics guidelines for the use of **artificial intelligence**. It has also set a framework of technical rules for developing **drones** and specific requirements for drone operators, making Europe the first region to have a comprehensive 'drones rulebook'. Preparing for the **UK's withdrawal** from the EU, legislation has been adopted to ensure continuity of service and safety, for both passengers and freight, under all scenarios.

European Parliament

As co-legislator, Parliament has negotiated with the Council on a number of key legislative proposals on transport-related issues. For instance, in negotiating the future Connecting Europe Facility, it pushed against the proposed decrease in **funding** for the transport pillar and for more climate-related spending. It asked the Commission to review the rules on the deployment of an **alternative fuels** infrastructure and to formulate efficient sustainability criteria and enforceable targets.

Emphasising that the EU needs to cultivate the potential of **autonomous vehicles** in all modes of transport, Parliament asked the Commission to eliminate obstacles to the use of in-vehicle and route **data** and called for a robust regulatory system to ensure data quality, by January 2020. It also called for greater research and investment in **artificial intelligence**, drawing attention to the related safety and data privacy issues, ethical implications and respect for fundamental rights.

Exercising its functions of political control, the Parliament led an enquiry into the **Dieselgate scandal**. It found several cases of maladministration by the Commission and national governments, as regards the supervision of national authorities in charge of pre-market testing of new vehicles. In the ensuing report by the Committee of Inquiry into Emission Measurements in the Automotive Sector, MEPs proposed a set of measures to prevent dishonest practices by car manufacturers in the future and asked the manufacturers at fault to reimburse the consumers affected. In March 2019, four years after the scandal, considering the European Union's response inadequate despite the legislative changes introduced, Parliament urged the Commission to rectify the situation.

Challenges and outlook

Under the European Green Deal, presented by the new European Commission President, Ursula von der Leyen, on 11 December 2019, the Commission will propose a 'climate law' in 2020, committing the EU to becoming climate neutral by 2050. The European Council endorsed this objective on 12 December 2019[7] and welcomed the EIB's intention to support this goal with a €1 trillion investment in climate action and environmental sustainability in the 2021-2030 period. Having declared a climate emergency in November 2019, Parliament called for ambitious goals and a corresponding long-term EU budget, and supported the European Green Deal with a resolution adopted on 15 January 2020.

The Commission intends to review the relevant legislation to match this level of ambition and tighten the 2030 targets. It plans to address all sources of transport emissions with a comprehensive strategy for **sustainable and smart mobility**. As regards **GHG emissions**, it wants to limit the free allowances allocated to airlines and include the maritime sector within the EU's emission trading system (EU ETS) – a line of action that will require strong EU leadership in the relevant international forums.[8] In addition, the Commission wants to tighten CO_2 emissions standards for cars and vans as well as the standards for **air pollutant emissions** from combustion engines.

To support the uptake of sustainable and **alternative transport fuels**, it plans to review the EU rules on alternative fuels infrastructure (as well as the TEN-T guidelines), consider legislative options to boost their production and supply, while also supporting the deployment of public charging points financially. Unlike in road transport, however, the introduction of alternative fuels is much less advanced in aviation and shipping, where decarbonisation will require more research, pilots, scaling-up projects and financing, based on clear rules. To support clean **transport energy**, the Commission intends to propose changes to the EU rules on energy taxation,[9] stop subsidies for fossil fuels and review tax exemptions on aviation and maritime fuels. It also intends to adopt legislation in support of the sustainable EU production of batteries.

As to the more specific transport issues, the new Transport Commissioner, Adina Vălean, is to carry on with the modernisation of key transport systems, making the most of connected and automated mobility and digital innovation. The transport internal market needs to be consolidated, the TEN-T core network pushed closer to completion and missing links filled in. Some network sections will

have to be adapted to improve military mobility across EU territory and some connections extended to neighbourhood and western Balkan countries. In parallel, the Commissioner has to ensure that passenger rights and high safety standards are upheld and transport remains reliable.

The challenges posed by climate change and environmental issues demand a radical reboot both of individuals' mobility habits and of prevailing industrial and economic models, in order to secure more efficient and clean transport solutions, accessible and affordable to all EU citizens.

MAIN REFERENCES

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Transport in the European Union - Current Trends and Issues, European Commission, March 2019.

ENDNOTES

[1] The Cohesion Fund is aimed at Member States whose GNI per inhabitant is less than 90 % of the EU average. For the 2014-2020 period, this concerns Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

[2] Estimated as €500 billion for the core network for 2021-2030 and about €1.5 trillion when the comprehensive network and other transport investment are included.

[3] Comprehensive air transport agreements: Armenia, Tunisia, Qatar; bilateral agreements on air safety: China, Japan.

[4] In the event of a serious accident, eCall automatically dials 112 – Europe's single emergency number – and communicates the vehicle's location to the emergency services. The technology is obligatory for all new vehicles from 2018.

[5] In contrast to the Commission proposal, in the final text only four services (bunkering, waste collection, mooring and towage) are open to market access, while passenger services, cargo-handling and pilotage remain exempted.

[6] Rail ERTMS, road ITS, maritime SSN and LRIT, inland navigation RIS.

[7] Poland could not commit at this stage, so the European Council will come back to this issue in June 2020.

[8] International Maritime Organization (IMO) and International Civil Aviation Organization (ICAO).

[9] The 2003 Energy Taxation Directive does not tax energy sources by their energy content and environmental damage but rather on the volume of the energy products consumed. As a result, some renewable energy sources (e.g. biofuels) are taxed more than polluting fossil fuels (e.g. coal), which hampers the EU's energy and climate goals. Changes, however, require unanimity of the Member States.

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