
Round Table on Logistics and Supply Chain Policies

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The single market and transport policies: Sharing the European experience

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1. Introduction: More than a single market
2. What makes the European single market?
3. What are the benefits of the internal market?
4. What remains to be done?



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European single market – Euro Area

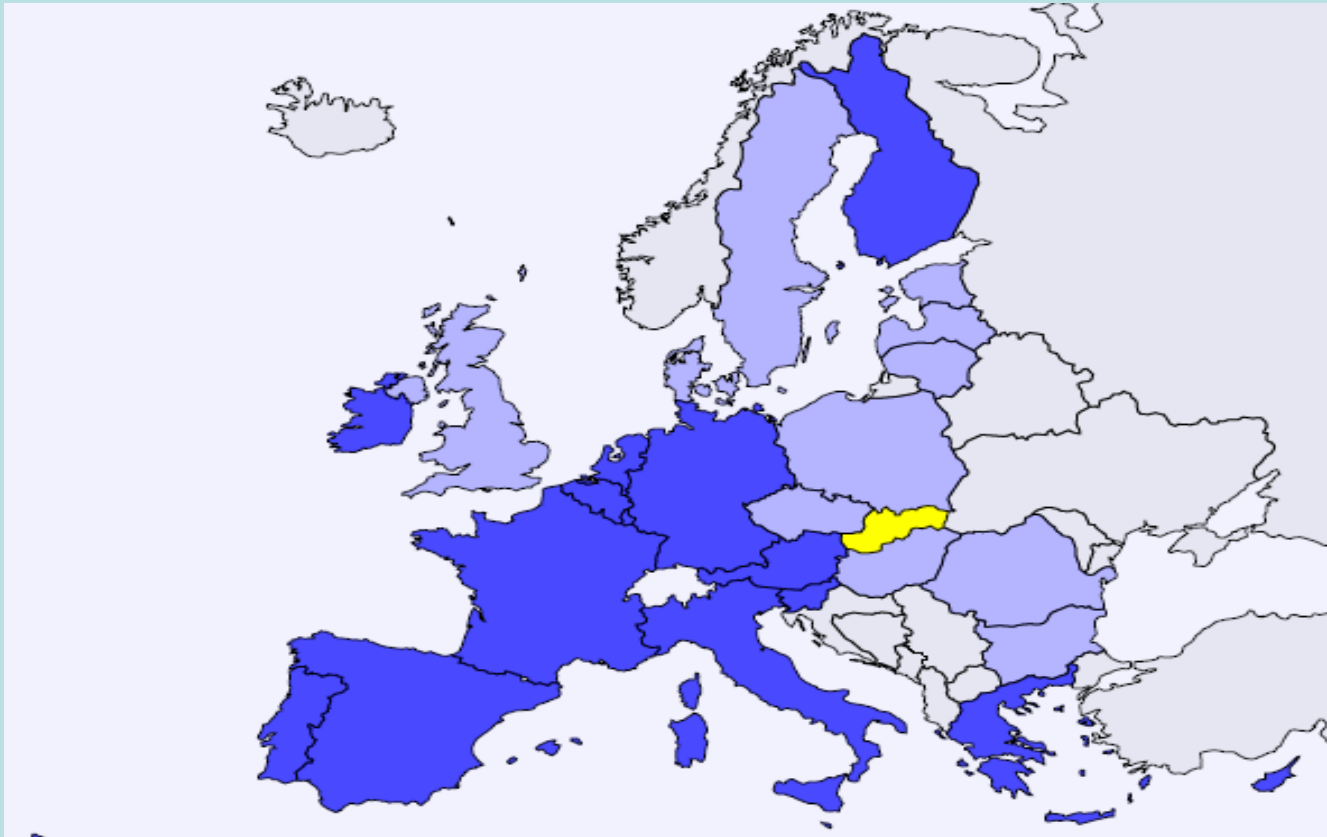
1999

2001

2007

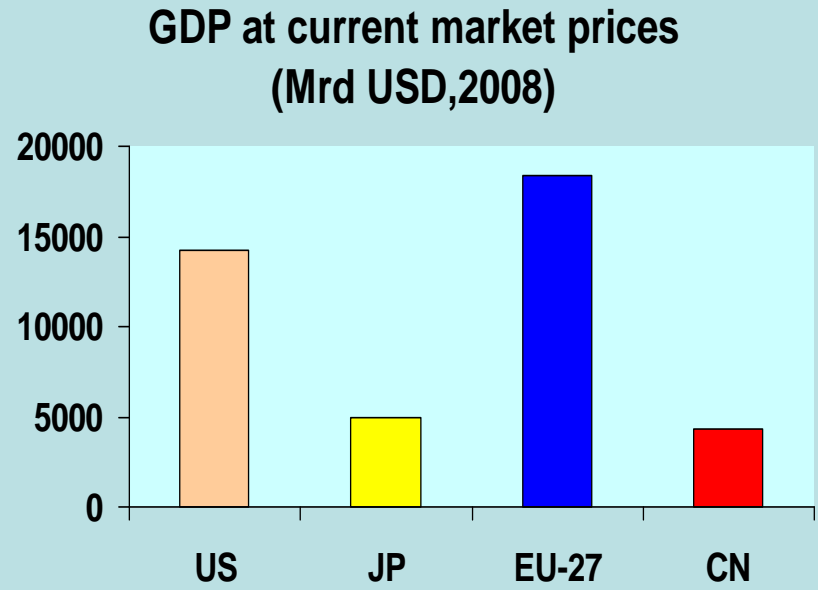
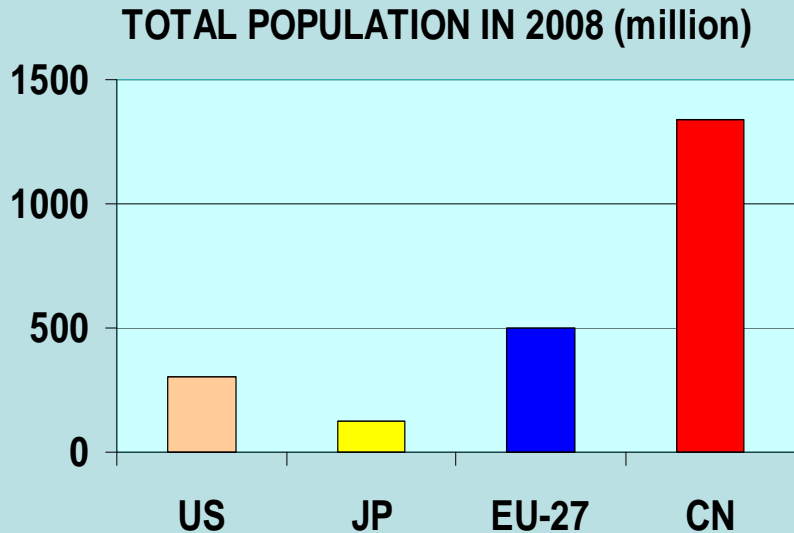
2008

2009



European single market – size of the market

Graph: GDP and population of the EU 27 in comparison to the US, Japan and China



European single market – cornerstones

- ***Four freedoms***: free movement of people, goods, services and capital
- **Harmonisation of national laws, regulations and administrative procedures**
- **Creation of the favourable business environment by the EU and national policies, incl. EU-wide competition policy**
- **System of Common External Tariffs**



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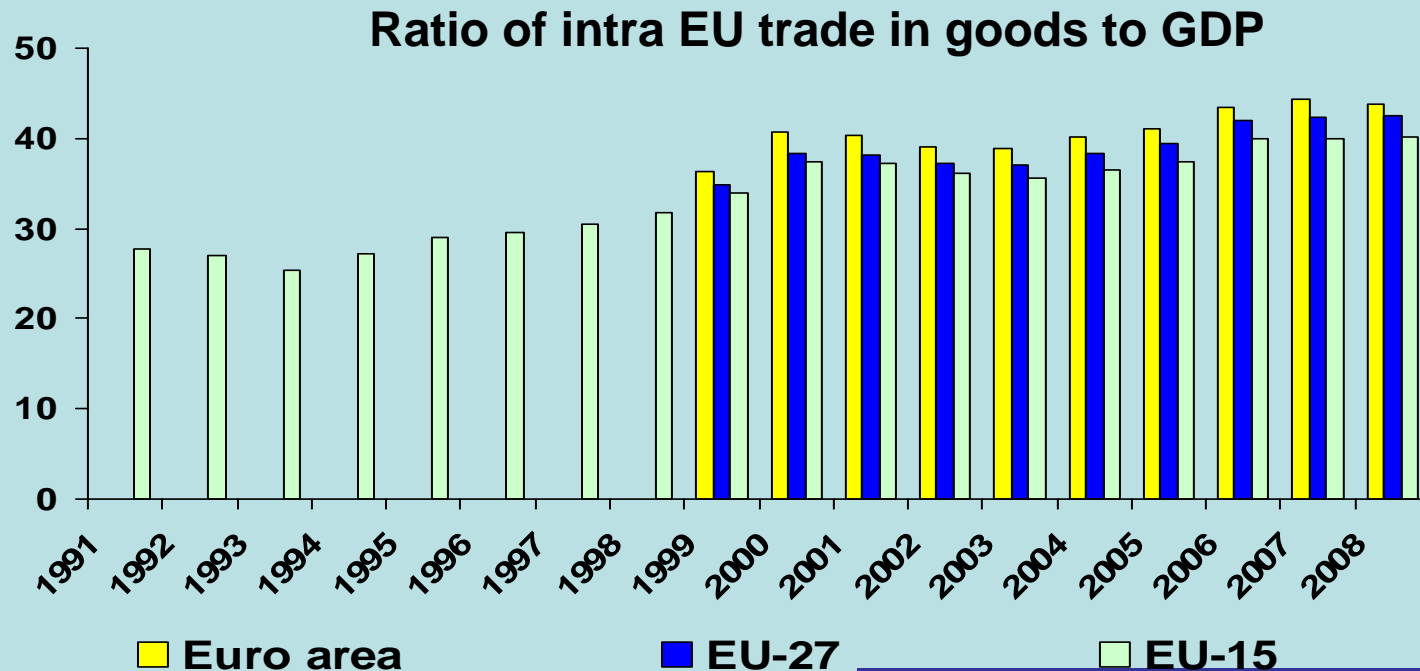
European single market – benefits for citizens

- The right to work and live abroad
- A wider choice of high quality goods and services
- Lower prices for goods and services in many cases
- Shoppers have full consumer rights
- The opportunity to study abroad
- Easier travel (common currency €, Schengen agreement)
- Overall, an estimated increase of 2.15% of GDP
- 2.75 million extra jobs



European single market – benefits for businesses

- Access to market of 500 million consumers
- Easier cross-border trade within the EU: reduced costs and shorter delivery times



European single market – benefits for businesses

- **Removal of non-tariff barriers to trade:**

- ✓ **Physical barriers:** absence of border bureaucracy

- reduced costs due to delays at frontiers

- ✓ **Technical barriers:** norms and regulations

- Technical harmonisation** applied when equivalence between levels of protection cannot be assumed: goods manufactured according to EU standards can move freely within the single market (75% of the intra-EU trade in industrial goods, around € 1.5 trillion)

- “Mutual recognition” principle:** products legally manufactured or marketed in one Member State can in principle move freely in the EU

- reduced compliance costs, wider market access, simplified procedures, technical interoperability



Technical harmonisation - **REACH** (**R**egistration, **A**uthorisation and **R**estriction of **C**hemical Substances)

- Replaces 40 legislative texts and creates a single EU-wide system for the management of chemicals produced and marketed in the EU
- Developed through extensive dialogue with the stakeholders
- Effective as of 1 July 2007 - provisions to be phased in over 11 years
- Managed by the European Chemical Agency (ECHA)
- **Objectives:**
 - **improve the protection of human health and environment**
 - **identify and manage of risks linked to chemicals** – substances of very high concern (SVHC) must undergo adequate control and shall be progressively substituted by their safer equivalents
 - **ensure free movement of chemical substances on the single market**



Technical harmonisation - **REACH** (**R**egistration, **A**uthorisation and Restriction of **C**hemical Substances)

Obligations for manufacturers and importers:

- **identify and manage risks linked to the substances they manufacture and market:** for substances produced or imported in quantities of 1 tonne or more per year per company submit a registration dossier documenting the data and assessments to the European Chemical Agency (ECHA) for evaluation that includes compliance check and check of testing proposals
- **provide users with the risk information they need to use the substance safely** via classification and labelling system and Safety Data Sheets (SDS)



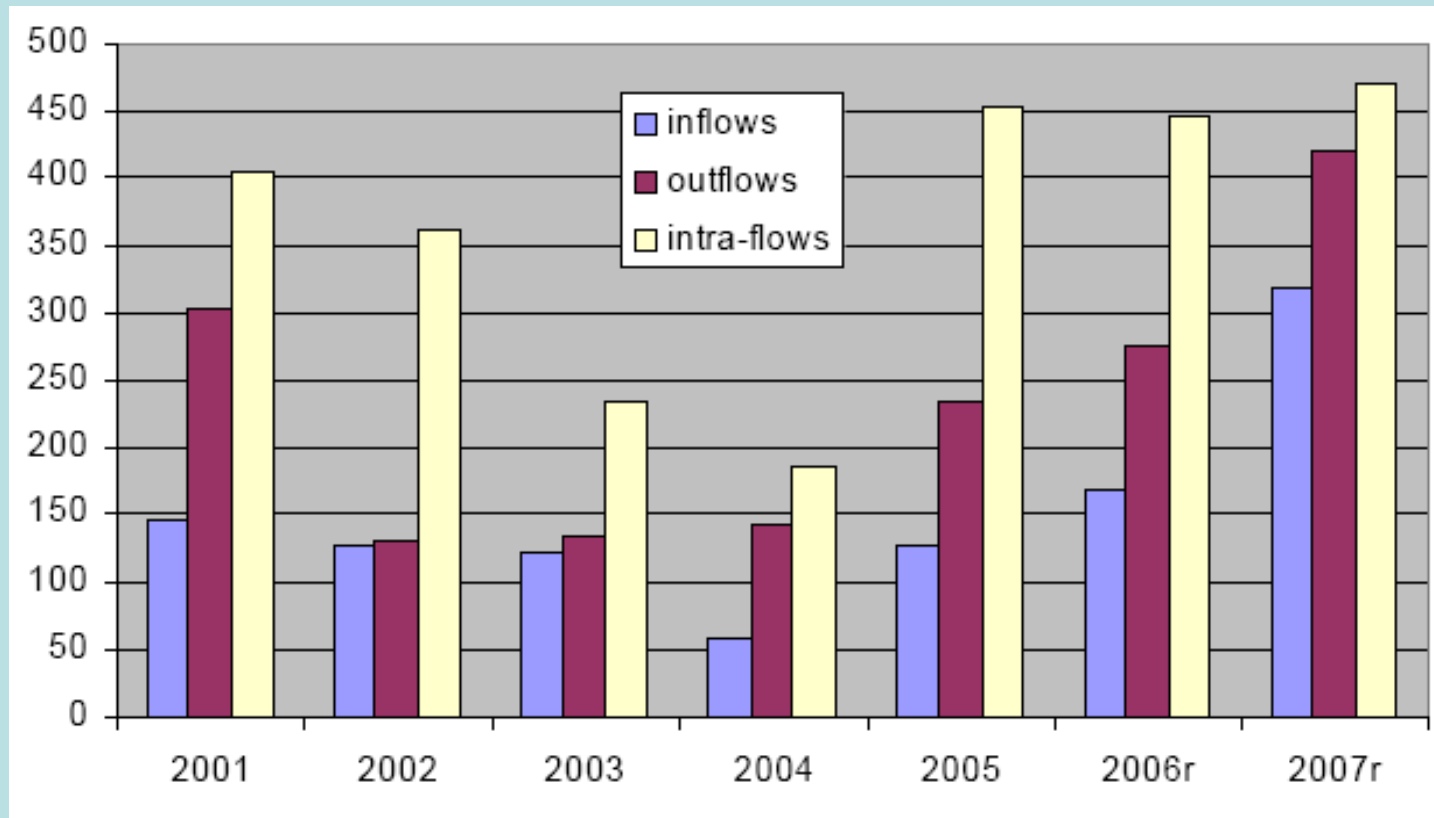
European single market – free movement of capital

- Full liberalisation of capital movements came into effect in 1990
- Capital movements range from purchasing a real estate or investing in other European companies to the opening of bank accounts
- Since the creation of the European Monetary Union, capital liberalisation is enshrined in the EU Treaty
- EU Treaty: all restrictions on capital movements and payments are prohibited with the exceptions linked for example to:
 - taxation
 - prudential supervision
 - public policy considerations
 - money laundering



European single market – free movement of capital

Graph: Intra-EU FDI flows



European single market – benefits for businesses

- **Easier cross-border trade within the EU:** reduced costs and shorter delivery times
 - ✓ **Trans-European Networks (TENs):** improved interconnection and interoperability of transport, energy and telecommunication networks
 - ✓ **A level playing field:** removal and prevention of State and private barriers to competition → better exploitation of economies of scale
 - ✓ **Easier cross-border mobility of workforce**
 - **New sources of finance, contract and funding** → cheaper finance for businesses, national public procurement open to foreign bidders



European single market – transport policy

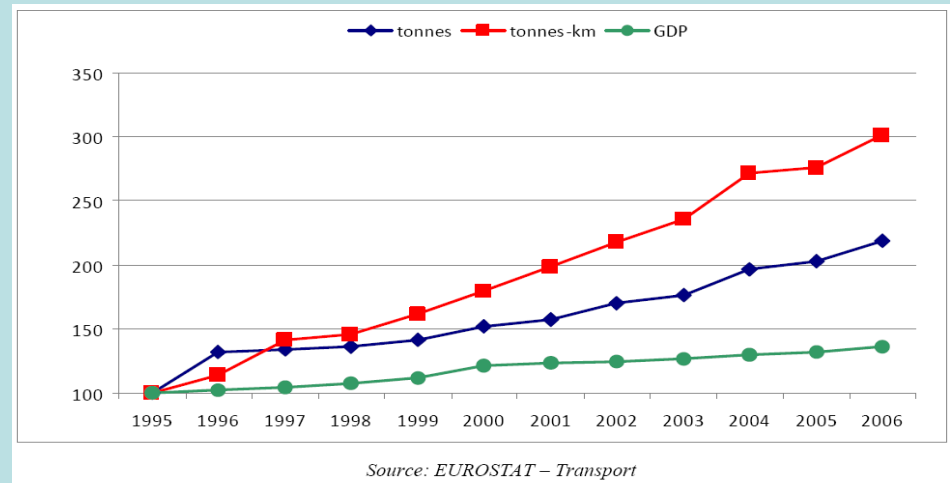
- **European Common transport:** policy closely linked to economic integration and is already enshrined in the Treaty of Rome (1957)
 - **Goal:** eliminating borders between Member States and therefore contribute to the four freedoms (free movement of people, goods, services, capital)
 - **Until 1992:** (exclusive) focus on market access, infrastructure investment, and harmonisation of social and technical standards
 - **Since 1992** (completion of internal market): additional emphasis on
 - Sustainability
 - Social cohesion (TEN)



European single market – transport policy

- Policies to remove market barriers highly successful for road, air and waterborne transport
 - Competition among hauliers from different countries
 - Drop in prices (especially air)
 - Significant rise in volumes
 - Contribution to raising potential growth

Example: Road freight transport and GDP in Europe (EU27)



BUT: Rail integration severely lagging due to resistance by Member States (monopolies) and incompatible national standards (electricity, signalling, gauge width...)



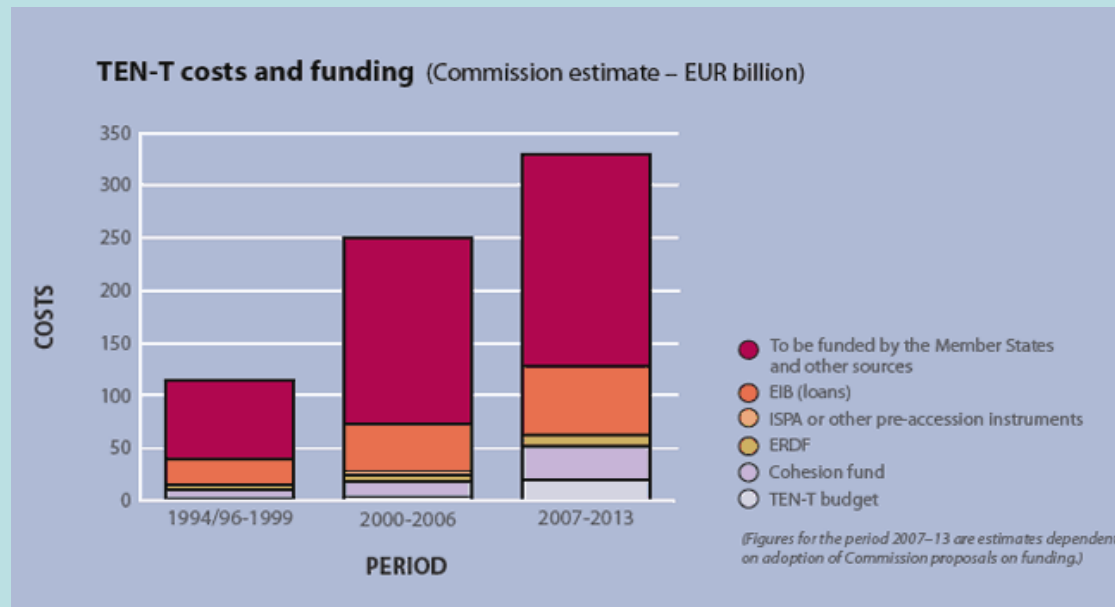
Trans European Networks (TEN) - motivation

- **Completion of Internal Market:** EU moves from passive role (removal of barriers) to active role
- **Economic and social cohesion:** connection of peripheral areas
- **Growth enhancing:** promotion of modern infrastructure and technology
- **Network effects:** removing a missing link improves attractiveness of existing network
- **Cross-border externalities:** without EU initiative financing is national, while benefits are dispersed
- **Coordination** role for EU for longer corridors
- **Creation of integrated rail transport**
- **Environmental considerations:** especially through promotion of (high speed) rail

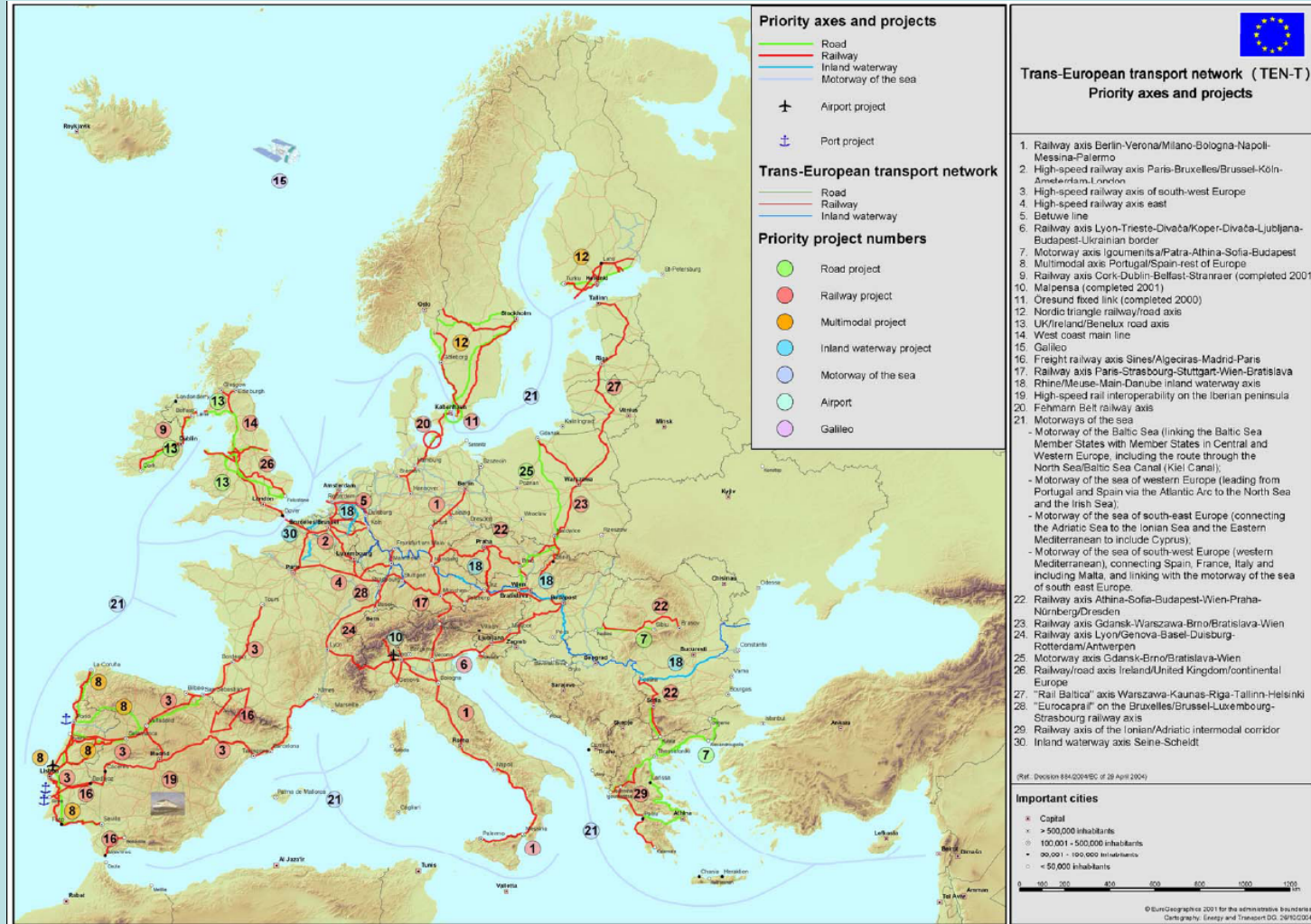


Trans European Transport Networks (TEN-T)

- Initiated in 1992
- Commission takes on co-financing
- Three types of networks:
 - Transport (mostly rail, but also road, shipping)
 - Energy
 - Telecommunication



TEN: Map of transport priority projects and axes



The single market and transport policies

Priority axes and projects

- Road
- Railway
- Inland waterway
- Motorway of the sea
- Airport
- Port
- High-speed rail interoperability on the Iberian peninsula
- Galileo



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European single market – challenges ahead

Free movement of services, incl. better integration of financial markets
→ restrictions on market access and cross-border activities in
banking (incl. retail and mortgage banking), insurance, transport

Removal of fiscal barriers: tax harmonisation

Public procurement: improving implementation of the existing rules

Free movement of people: improving recognition of qualifications

Free movement of knowledge:

→ Lack of common EU system of Intellectual Property Rights

❖ **Re-fragmentation of markets along national boundaries ??**





● Commission Communication

**A sustainable future for transport:
Towards an integrated, technology-
led and user friendly system**

June 2009

● Aims of the Communication

White paper 2001 had a 10-year programme, it is time to look ahead:

- Identify trends and challenges
- Define a general strategy for sustainability
- Consult stakeholders
- ...It is not yet the new White Paper!

● **Structure of the Communication**

- Evaluation of past policies (Ch. 2)
- Trends and challenges (Ch. 3)
- Objectives (Ch. 4)
- Instruments (Ch. 5)

The Communication can be downloaded at:

http://ec.europa.eu/transport/strategies/doc/2009_future_of_transport/2009_comm_future_of_transport_policy_en.pdf

● Evaluation of past policies

- **Economic aspects**
(Market opening, TEN-T)
- **Social aspects**
(Safety, Security, Working Time, Training, Passengers' Rights, *Accidents*)
- **Environmental aspects**
(Local pollution, *GHGs emissions*)

Emissions breakdown

Emissions from transport grow more than in other sectors: what's behind and what can be done?

$$\text{Total Emissions} = \text{Output} * \frac{\text{Energy}}{\text{Output}} * \frac{\text{Emissions}}{\text{Energy}}$$



Level of activity

Energy intensity

GHG intensity

Demand Management
(Virtual) Accessibility
Land planning

Exploit strengths of each mode
Network optimisation
Efficient vehicles

Switch to cleaner fuels

● Policy objectives

- Safe, secure and high quality transport
- Well maintained and integrated network
- More environmentally sustainable transport
- Leading in transport services and technologies
- Developing the human capital
- Smart prices
- Sound planning

● **Policy instruments**

- Infrastructure policy: which priorities?
- Pricing and funding: internalisation
- Technology policy: standards and demonstration
- Legislation: harmonisation and market opening
- Information, training and education
- Governance: the urban dimension
- External policy: global action and neighbouring policy



- **Integrate the networks**

Plan globally

Invest in intermodal platforms

Promote market opening

Connect to neighbouring regions

Extending the internal market to the seas bordering the EU

For long-haul movements, railways, maritime transport and inland waterway modes have better CO₂ performances than road transport. Indeed, maritime transport is the most energy-efficient mode of transport given its large loading capacity.

In maritime transport, voyages from one port of an EU Member State to another are always viewed as if the ship is leaving EU customs territory. As a result, maritime transport of goods is subject to complex administrative procedures that lessen its attractiveness compared with road and other transport modes. The European maritime transport space without barriers is a concept which extends the internal market to intra-EU maritime transport by eliminating or simplifying administrative procedures. To implement this concept, the European Commission identified a series of measures, described in the communication 'Establishing an EU maritime transport space without barriers'.





- **Technology: key to a sustainable future**

Information technology

Vehicle technology

**Standards,
Interoperability,
Comparative
tests,
Demonstration
projects, Legal
framework**

**Thank you very much
for your attention**

