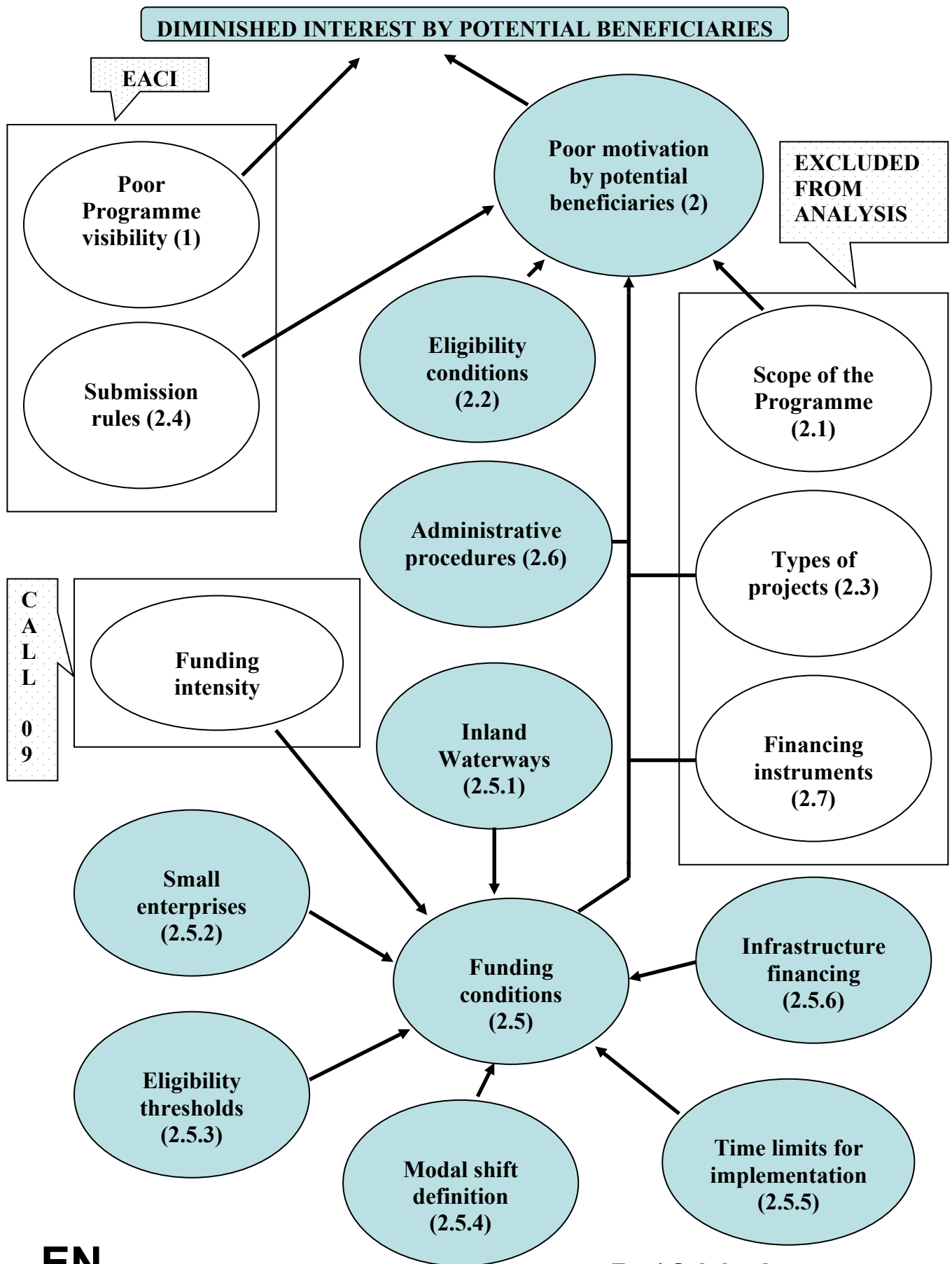


PROBLEM TREE



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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 10.12.2008
SEC(2008) 3021

COMMISSION STAFF WORKING DOCUMENT

accompanying the

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**amending Regulation (EC) No 1692/2006 establishing the second ‘Marco Polo’
programme for the granting
of Community financial assistance to improve the
environmental performance of the freight transport system (‘Marco Polo II’)**

IMPACT ASSESSMENT

{COM(2008) 847 final}
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documenteigenschap.

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COMMISSION STAFF WORKING DOCUMENT

**amending Regulation (EC) No 1692/2006 establishing the second ‘Marco Polo’
programme for the granting
of Community financial assistance to improve the
environmental performance of the freight transport system (‘Marco Polo II’)**

Impact assessment

Lead DG: DG TREN

Other services involved: DG BUDG, DG COMP, DG ECFIN, DG ENTR and EACI.

Agenda planning or WP reference: Reference 32 in the 2008 Work Programme

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Executive summary

The Marco Polo programme¹ (2007-2013) is an instrument which helps achieve the EU Transport Policy objective of ensuring sustainable mobility in Europe. The Programme contributes to this objective by helping to reduce congestion on the roads and encouraging the use of other more sustainable transport modes. In order to do this the Programme supports projects aiming at avoiding freight transport on the roads or shifting freight off the roads to other transport modes which are more environmentally-friendly and have spare capacity, such as shipping, railways and inland waterways.

The conclusions of the external evaluation of the first Marco Polo programme (2003-2006) show that the programme is not attracting enough satisfactory proposals and therefore is not completely achieving its objectives in terms of traffic avoidance and modal shift off the roads. The Commission has analysed the possibilities for action to correct the situation.

As a part of the baseline scenario, two measures have already been taken without any need for a change in the Regulation: First, the outsourcing of the management of the Programme to an Executive Agency which is expert in managing projects, and second, the doubling of the funding intensity for projects from €1 to €2 per 500 tkm shifted or avoided, so as to attract more projects.

Both these measures and the following have been substantially discussed and informally approved with the Marco Polo Member States' committee and with the stakeholders themselves during the regular Marco Polo conferences which publicise the programme in various Member States locations.

The present assessment analyses the need to amend the legal basis of the Programme to enhance its effectiveness by examining four kinds of possible and uncontroversial measures:

- Facilitating access to the Programme by small undertakings.
- Simplifying and lowering the eligibility thresholds for projects
- Raising the funding intensity
- Simplification of the legal basis and its implementation

The choice of a complete revision of the Programme, involving political choices, is not considered a realistic option. It has been excluded from the analysis since action is required quickly in order to remedy the situation in time for the call of January 2010, and at mid-term before the end of the implementation of this programme in 2013. A complete revision of the Programme would entail a lengthy legislative process which would risk coming too late in the Programme's life span.

The choice of stopping the Programme is not considered a realistic option either since the Programme is actually achieving a considerable amount of modal shift and is part of a coherent set of measures of the EU Transport policy.

The analysis reaches the conclusion that amending the legal basis by implementing all the proposed measures will bring considerable added value since it will:

- Improve the effectiveness of the Programme in terms of tkm avoided or shifted.
- Achieve a more balanced distribution of modal shift and traffic avoidance among transport modes and project types
- Simplify the legal basis and the management of the programme with the consequent reduction of administrative costs and burdens, and consequently attract more companies and smaller ones currently afraid of, or simply not equipped to manage, its complexity.
- Have positive effects in terms of multi-dimensional distribution of the effects.

Section 1: Procedural issues and consultation of interested parties

Organisation and timing

¹ Regulation (EC) No 1692/2006).

- The first reflection on the amendment of the regulation was tabled on 13.11.07. The approach presented then aimed at a full revision of the regulation in order to improve the performance of the Programme in terms of tonne-kilometres of freight avoided or shifted off EU roads. However, given the urgent need to act on the poor results of the Programme, the idea of proposing a limited revision with the aim to improve the Programme results and its consequent budgetary execution gained strength. For this purpose a coordination meeting took place on 20.01.08 within DG TREN, including its Director-General. A final note on the approach for the amendment was tabled on 24.4.08.
- A task force was set up within DG TREN/B4, on 11.2.08, including the EACI. The result of the work of this task force was a reflection document which was subject to a public consultation launched on 4.04.08, with a deadline for comments of 30.05.08.
- By a letter of 5.5.08, the DG TREN Director-General launched the creation of an inter-service steering group, which was established on 22.05.08, including the following Directorates-General: SG, DG BUDG, DG COMP, DG ECFIN, DG ENTR, and EACI (ENV and LS were also invited). A first meeting of this group took place on 30.05.08, with the participation of DG ECFIN, DG ENTR, DG ENV, EACI and DG TREN/A/1. The text of the Impact Assessment was submitted to the Group as it was drafted and contributions and comments were taken into account for the final text.

Consultation and expertise

- One of the sources of information for the impact assessment has been the 'Evaluation of the Marco Polo programme (2003-2006)', carried out by Ecorys in November 2007. A second external expert source was the Interim report of a study by Price Waterhouse Coopers on an Impact Assessment of setting up an innovation fund for the Inland Waterway Transport sector, which includes an assessment of the effects of amending the second Marco Polo regulation.
- A first reflection paper was presented to the Marco Polo Committee meeting of 11.12.07. On 4.04.08 a public consultation was launched on the website of the EACI. A notification of this publication was e-mailed twice to a list of more than 1500 contacts, including industry representatives involved in the preparation and management of Marco Polo projects. On 28.04.08 the consultation was presented to a meeting of the Short Sea Shipping Focal Points and Promotion Network. On 23.05.08 the consultation was presented to the meeting of the Marco Polo Committee.
- The Commission's minimum standards for consultation were met since the consultation was publicised and open to the public for 8 weeks.
- The external consultation was open from 4.04.08 until 30.05.08. 13 precise questions were asked with the purpose of assessing the acceptance of the amendments proposed by the Commission. Furthermore a last open question for general comments was also included in the questionnaire. A total of 97 contributions were received. It is worth highlighting that only 12% of the respondents had not been involved or did not plan to be involved with a Marco Polo application. Furthermore, contributions came from 20 Member States plus Norway and Serbia. Therefore the added value of the contributions is quite significant. (Summary in Annex I)

The results of the consultation support the proposals of the Commission and are considered in the analysis of each proposal.

- On 18.07.08 the Impact Assessment Board gave a first opinion on the Impact Assessment. A revised Impact Assessment was requested with the following improvements:
 - A clearer description of the problem.
 - Clarification of the specific and operational objectives and how they relate to the problems identified.
 - The report should start its options section by explaining why a more fundamental change of the Programme is not seen as a realistic option.
 - The analysis of impacts should be extended to include at least a qualitative assessment of environmental and social benefits.

The initial Impact Assessment report was modified following the IAB opinion and technical recommendations, although it should be highlighted that the qualitative assessment of the environmental and social benefits was already included in the initial report, since these benefits are directly derived from an increase of the Programme's effectiveness, as explained at the start of section 5.

- On 16.09.08 the IAB gave an opinion on the revised version of the Impact Assessment, requesting the following improvements:

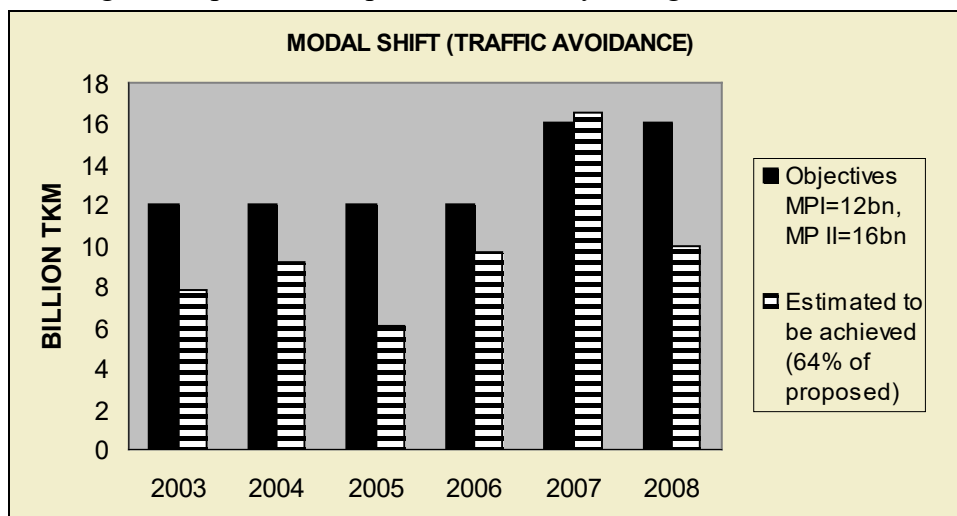
- The problem description should be strengthened further.
- The definition of the specific and operational objectives should be clarified.
- The report should provide more clarity about the costs and benefits of the programme.

The second version Impact Assessment has been modified accordingly, although it should be stressed that the possible causes of the problem have been assessed taking into account the evaluation results and stakeholder consultation.

Section 2: Problem definition

- *What is the issue or problem that may require action?*

The second Marco Polo programme² is not completely achieving the objectives set in its legal basis in terms of modal shift and traffic avoidance. Although the Programme is actually achieving a significant modal shift, the results of the second (2008) call for proposals under the second Marco Polo programme and the results of the external evaluation of the first Marco Polo programme show that the Programme will very probably not be able to achieve its objective of avoiding or shifting a substantial part of the forecast total growth of international road freight transport in Europe, as intended by its legal basis.



Source: External Evaluation of the Marco Polo Programme (2003-2006) and estimations of two first Marco Polo calls

The implementation of the first Marco Polo programme is not meeting its modal shift target, as shown by the external evaluation, which estimates that 64% of the modal shift target³ will be achieved. This figure is in fact not so bad compared with many other target-based objectives but better can and must be done! This situation is corroborated by the level of response to the second call of the second Marco Polo programme, which shows a marked decrease of the total proposed modal shift. Furthermore the new types of actions introduced

² Annex II includes a summary description of the programme and its specific kinds of projects, including the geographical distribution of the projects supported.

³ 12 billion tkm a year for MP I.

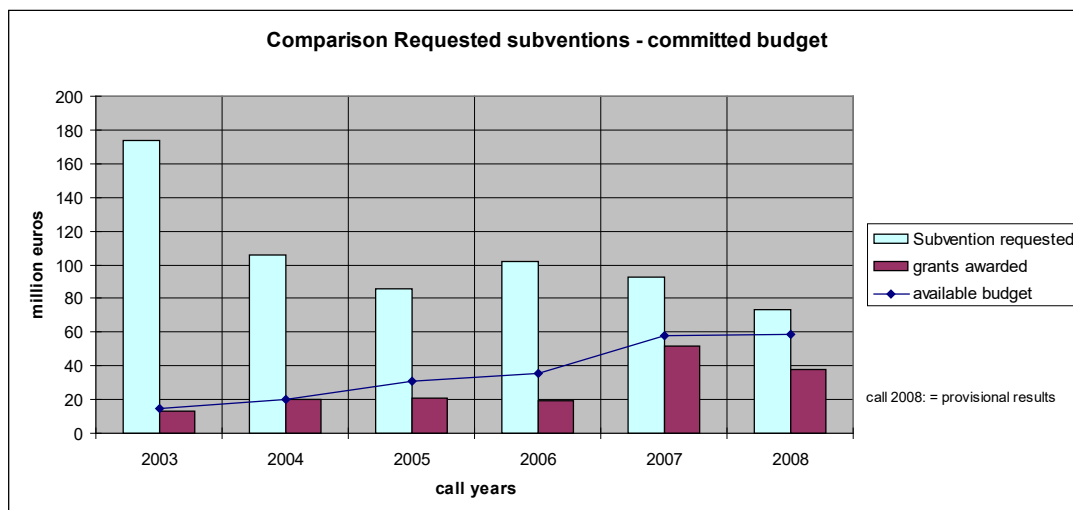
by this second Programme, Motorways of the Sea and Traffic Avoidance, have not attracted enough applications (only 9% of the proposals in 2007 and 4% in 2008).

There is a direct link between the modal shift and traffic avoidance objectives and the budgetary execution, since the Programme gives support of €1 per 500 tkm avoided or shifted off the EU roads. Therefore missing the modal shift and traffic avoidance objectives set in the Marco Polo regulation entails a substantial under-use of the available budget.

According to the latest estimations of the external savings generated by the shift to the different transport modes and the actual split of the modal shift proposed by the projects supported by the first Marco Polo programme, every Euro of the Marco Polo programme support generates external benefits amounting to €9.15 in terms of external costs saved (see Annex V). Therefore the ‘lost opportunity’ cost of not having fully implemented the first Marco Polo Programme can be estimated at €228 million⁴.

- *What are the underlying drivers of the problem?*

The programme is implemented through yearly calls for proposals. Over the past years the level of total subsidy request has decreased while the available budget has increased.⁵ This clearly shows a diminishing interest in the Programme by potential applicants.



Source: EACI

The causes for this diminished interest in the programme by potential applicants are the following:

The graphical description of the problem tree of Annex III highlights which of these causes described below are tackled in the Baseline scenario (the EACI and the Marco Polo Call 2009), in option B (targeted revision of the Legal Basis) or in option C (full revision of the Legal Basis), as described in section 4.

⁴ Only €74 million out of €102 million were committed. €28 million times 9.15 is the benefits which could be obtained ((28x9.15)-28=228 opportunity cost).

⁵ Since the selection process requires the projects to meet strict quality criteria the level of total subsidies requested is always higher than the level of subsidy awarded.

- (1) **Lack of visibility of the Programme**, with the consequent lack of awareness by potential beneficiaries. The Commission has invested time and resources in two-yearly information conferences and attendance at events where potential beneficiaries might be present, together with the usual electronic means to reach transport operators and their associations. However, there is evidence that the Programme is not yet well known by a proportion of the potential beneficiaries. Actually the external evaluation of the first Marco Polo programme advises that the visibility of the Programme should be enhanced and a dissemination and promotion effort undertaken.
- (2) **Lack of motivation among potential beneficiaries** because of the perceived complexity of the Programme, unsuitable funding mechanisms or low funding intensity. The external evaluation of the first Marco Polo programme indeed highlights that the Programme is viewed as complex. Also the subsidy mechanism is reported to be often criticised for being too inflexible. Regarding the funding intensity, for the Marco Polo projects it has often been the case that the limit of €1 per 500 tkm shifted is a fraction of the maximum aid allowed of 35% of the project's eligible costs. All these factors are directly related with the wording of the legal basis and its implementation and are classified as follows:

(2.1) Unclear or unsuitable **scope of the programme** (Art. 3).

The regulation requires the involvement of two countries in the project and a contribution to the budget of the Programme in order to be a possible beneficiary. Some contributions to the external consultation highlight the convenience of supporting national-only projects. Also candidate and neighbouring countries have often failed to understand the conditions for being beneficiaries of the Programme. This has been shown by the information requests received by the Marco Polo help desk.

(2.2) Unclear or unsuitable **conditions for eligibility** of beneficiaries (Art. 4)

The regulation requires that applications are submitted by two undertakings established in two different Member States, with an exceptional case for links with third countries. The need to build up a consortium just to submit a Marco Polo application has often been reported as an obstacle. Actually big undertakings are teaming with their own subsidiaries to avoid this obstacle, whereas smaller undertakings are at a disadvantage.

(2.3) Unclear or over-restrictive **definition of the types of projects** (Art. 5)

The fact that 80% of the funding given by the first Marco Polo programme is concentrated in one single project type (Modal shift) and the fact that another type of action (Traffic avoidance) has never received funding raise doubts about the clarity or suitability of the definition of the types of action. (See Annex II for a complete definition of each project type).

(2.4) Unclear or unsuitable **detailed rules** concerning the procedure for submission, selection and contracting of projects (Art. 6)

The external evaluation of the first Marco Polo programme highlights that applicants perceive the formal steps for the evaluation of proposals and procedures to be followed before contract signature as complex.

(2.5) Unclear or unsuitable **funding conditions** and requirements (Annex I to the Regulation)

The funding conditions and requirements are related to the following issues:

(2.5.1) The external evaluation of Marco Polo highlights the fact that potential projects from the **Inland Waterway transport sector** have a difficult entry barrier with the existing eligibility thresholds. Because of the fragmentation of this sector it is very difficult to put together a proposal which reaches the threshold of 250 million tkm over the life of the projects. The external evaluation of the Programme recommends lowering the thresholds for these kinds of projects, which account for a significant share of the potential freight which can be shifted off the road.

(2.5.2) Following the experience accumulated with the management of the programme, it has been observed that applications for funding rarely come from **micro enterprises**. The EU transport industry is quite fragmented, above all the road transport sector and the Inland Waterway sector⁶. The success of the Marco Polo Traffic avoidance actions, which have not managed to secure any support in the first two calls of the second Marco Polo programme, depends to a great extent on the involvement of the road transport sector. As for the Inland Waterway sector, it possesses greatly under-used transport infrastructure which can make a significant contribution to cutting road congestion, but so far has not managed to do so, since the support for inland waterway projects is down to 7% of the first Marco Polo programme. Applying for Marco Polo support is a difficult process where the applicant has to provide extensive information about the project, the market prospects and a business plan. For a micro-enterprise, putting together such a proposal requires an investment of time and resources with no guarantee of success.

(2.5.3) The transport industry has often highlighted that the **current system of thresholds** is complicated, with different thresholds for each kind of project, and thresholds are too high in many circumstances, particularly when small Member States are involved in the projects. Furthermore thresholds are currently expressed in monetary terms and tkm terms. According to the industry, this creates confusion since the Commission has already proposed to raise the funding intensity per tkm. Additionally the current 10% specific threshold for Traffic Avoidance actions is one of the obstacles reducing the likelihood that this kind of project will manage to get any Marco Polo support. Besides that, from the legal text it is difficult to understand how this threshold can be calculated. This apparent complexity is confirmed by the results of the external consultation which show that 25% of respondents do not have an opinion on this threshold. Another 32% of contributions support the deletion of this threshold.

(2.5.4) The current **definition of modal shift** only takes into account the weight of the cargo, excluding the weight of the transport element. This calculation method penalises those projects which do not change the primary transport mode when implementing the modal shift, since not only the cargo is taken out of the roads but also the transport mode, which actually causes the congestion. Other projects which are also penalised are those which do not have fully loaded return voyages, since in the current situation empty transport elements are not considered modal shift even if taken off the roads.

⁶ 595.971 enterprises for road transport, 9.800 for sea transport and 9.000 for Inland waterway transport. No figures for Railway transport. Source: Eurostat.

(2.5.5) Experience with the management of the Marco Polo projects has shown that the **strict time limits for project implementation** have the consequence that many good projects which suffer initial delays end up getting a much lower subsidy than expected. Actually the external evaluation advises studying the possibility of extending the project duration for modal shift actions by offering a longer duration to projects which have suffered start-up problems. Having the possibility of an extraordinary extension of six months can give reassurance to the beneficiaries that their start-up losses will be compensated by the Community subsidy even if their projects suffer start-up delays. The Common Learning Actions, which currently has a shorter implementation period than the rest of the actions, also often find it difficult to implement their objectives in time. In both cases a possibility of extension shall be envisaged. Experience managing the Marco Polo projects has shown that Common Learning actions are also complex to arrange because of the need to bring together many interests, sometimes with more than 15 partners, to achieve a common objective.

(2.5.6) The current **conditions for support of infrastructure** in the context of Marco Polo projects are reflected in Annex I and II to the Regulation.

Annex II sets out the conditions for eligibility of infrastructure spending: that it is required by the project, completed within 24 months of start of action, the service starts within 3 months from the completion of the infrastructure works, and relevant Community legislation is respected. Furthermore this annex extends the implementation periods for all the projects with a total duration limit of 74 months and states that Marco Polo funding is incompatible with other Community funding.

Annex I sets out the conditions for funding of infrastructure depending on the different kinds of projects. For Catalyst, Motorways of the Sea, Modal shift and Traffic Avoidance projects, the funding for infrastructure is included in the 35% ceiling for funding of eligible expenses, but for Motorways of the Sea, Modal shift and Traffic avoidance projects the financial assistance for ancillary infrastructure is not capped by the maximum funding intensity of €1 per 500 tkm avoided or shifted.

Otherwise the regulation does not set any limit for financial support apart from a cumulative ceiling for public aid to infrastructure, set at 50% of the project's eligible costs.

This framework for infrastructure funding is complex, adds many exceptions and constraints to the deadlines for implementation of the projects and requires complex calculations of the final subsidy allowed to each project.

(2.6) Unclear or unsuitable **administrative procedures**.

First, the erratic date of publication of calls which results from the unpredictable length of all the numerous procedures and consultations preliminary to the call has been a problem. It is difficult for entrepreneurs to target and prepare a project (often necessitating a year's negotiations between partners) if the starting date and whole sequence of the support programme is not stable. Market changes take place, and updating proposals and partners is a costly exercise which some cannot afford to undertake for a relatively small prospect of assistance.

Second, the external evaluation of the first Marco Polo programme highlights that for some projects a failure factor was that the grant contract was signed too late. The fact that an average of 290 days is needed from the call deadline for applications until the date when the Commission financing decision is adopted, gives an idea of the length of the award process. The total duration of the current management cycle for each Marco Polo call can be broken down as follows:

- An average of 90 days from drafting of call text to Commission decision launching the call.
- 60 days delay for presentation of proposals.
- An average of 290 days from the deadline for submission of proposals to the Commission decision awarding the financial support to projects.
- An average of 30 days for signature of contracts.

All this takes the duration of the management cycle to 470 days, which is too long, not least because the beneficiaries are market operators subject to fast-changing market conditions. As stated in the external evaluation of the programme, the formal steps for the evaluation of proposals and procedures to be followed before contract signature are perceived by applicants as being complex, non-transparent and requiring a long time between contract negotiations and contract signature.

(2.7) Unsuitable **financing instrument**, grants

The external evaluation of the first Marco Polo programme shows that the Programme is not perceived by beneficiaries as a risk funding instrument because the payment of the aid is linked to the success of the project in terms of tkm shifted.

Because road transport has shown continuous robust growth⁷ since the Programme was established, the lack of potential modal shift or traffic avoidance possibilities in the market can be clearly excluded as a reason for the low number of project proposals.

- Who is affected, in what ways, and to what extent?

The Marco Polo programme is one of the instruments to reduce congestion in the framework of a coherent transport policy strategy which includes the internalisation of external costs and the use of market-based instruments to reflect the use of infrastructure.

The mid-term review of the White Paper on Transport⁸ estimates the total costs of congestion at 1% of EU GDP and its environmental cost at 1.1%. One of the EU transport policy instruments to tackle these costs is the Marco Polo programme. The more successful the Programme is, the less congestion and environmental costs. Therefore it is the transport industry and consequently the citizen at large that are affected. Small, medium and big enterprises are affected by the effects of congestion on the transport system, but those enterprises with simpler logistic systems and fewer alternatives to road transport are affected more. This tends to be the case of micro and small enterprises.

⁷ Transport of freight by road has grown by a yearly average of 3.5% for the period 1995/2006 and 4.9% during 2006. This compares to 2.8% and 3.1% respectively for the growth of freight by all transport modes. Source: EU energy and transport in figures. Statistical Pocketbook. DGTREN.

⁸ COM(2006) 314 final.

- How would the problem evolve, all things being equal?

The external evaluation of the first Marco Polo programme estimates that 64% of the objective of tkm to be shifted off the road is being met. Therefore if no action is undertaken, in a context of decreasing number of applications and successful projects (see graph on page 6), then the second Marco Polo programme will in the best case achieve the same percentage of success, which would entail missing the objective to avoid or shift a substantial part of the growth, estimated at 60%⁹, of international freight transport by road, equivalent to 20.5 billion tonne-kilometres in absolute terms. This will have negative consequences in terms of additional road infrastructure costs, accidents, congestion, local and global pollution, environmental damage and unreliability of the supply chain and of logistics processes.

As stated in the mid-term review of the White Paper on transport, besides the continuous reflection on possible policy measures to be adopted in the future, the congestion of the EU road transport system and the environmental efficiency of the whole transport system are directly tackled with various measures which are currently being implemented or will be in the near future:

1. Measures aiming to increase the competitiveness and technical and environmental efficiency of all transport modes, particularly those which are less congested and more environmentally friendly, namely, shipping, railways and inland waterways. Currently these measures include:

Actions recently undertaken:

- Action to remove technical barriers to interoperability in the railway sector and promote rail freight corridors within transport logistics
- Freight logistics action plan

Actions to be undertaken:

- Internalisation of external costs
- Action plan for energy efficiency in transport and to accelerate the development and deployment of alternative fuels
- Review of working conditions in road transport
- Implementation of the Naiades action plan for Inland Waterways
- Developing a European ports policy
- Taking intelligent road transport systems to the market
- Deploy e-maritime systems

Actions undertaken on an ongoing basis:

- Assure the functioning of EU rules in all modes

2. Measures aiming to increase the capacity and efficiency of the whole transport system with TEN-T (Trans-European Networks for Transport) funding, Cohesion Policy funds (European Regional Development Fund and Cohesion Fund) and investments by Member States and private operators.

3. At Member State level, national schemes like the Ecobonus, in Italy, address the same issue at national level only and for a limited amount of time. In any case the Marco Polo regulation establishes a ceiling for Community assistance which takes into account national aid given to the transport link of each contract.

⁹ PRIMES model, included in the Commission report 'European Energy and Transport trends to 2030'.

The recent initiative of the Commission on 'Greening Transport' aims to achieve sustainable mobility by building on previous initiatives and putting forward the internalisation of external costs, complemented with accompanying measures. In this context tackling congestion is a priority. For this purpose the Commission plans to revise the directive on infrastructure charging for heavy goods vehicles and will make funding available under the Trans-European Network programme for actions on electronic toll systems. Another element to tackle congestion will be the use of Intelligent Transport Systems for Roads, for which an action plan and a legislative initiative to create a common approach will be proposed.

The above-mentioned measures aim to achieve progressively a more efficient and environmentally-friendly distribution of freight flows among the different transport modes; but they will take a number of years to materialise and the only action at Community level aiming at encouraging a reduction of congestion in the very short term is the Marco Polo programme. In this respect it should be highlighted that the most short-term initiative to tackle congestion directly is the proposed revision of the Directive on charging of heavy goods vehicles for the use of certain infrastructures. But the transposition of this directive is only forecast for end of 2010 at the earliest and even if transposed, it will be up to the Member States to decide whether or not to levy tolls based on external costs.

Experience with the implementation of the Marco Polo programme is currently providing elements for reflection on the policy initiatives in the field of logistics and specific transport modes.

The current volatility of the oil markets, with prices rising more than 80% since May 2007 and coming down again to original levels in 4 months, will affect the transport market, but in a different way depending on each transport mode. In principle the basic effect of an increase in the prices should be a shift to more energy-efficient transport modes; this means a shift off the roads. Nevertheless, as explained in detail in Annex IV, taking into account the different weight of excise duties in the final price paid by each mode, the negative effects are expected to be bigger in relative terms for short sea shipping and inland waterway transport than for road transport. As far as rail transport is concerned it would be the least affected. A further element to consider is the low elasticity of road transport demand to price changes. The overall effect can be that two very environmentally-friendly transport modes see their relative prices vis-à-vis road transport worsen, with the consequent competitive disadvantage.

The downward pressure on the prices as a consequence of the downturn in the economic activity will provide relief to transport companies in terms of fuel costs but the downturn itself will tend to increase their unit costs because of decreasing economies of scale.

- Does the EU have the right to act — basis in Treaty, 'necessity test' (subsidiarity) and fundamental rights limits?

Articles 71(1) and 80(2) of the Treaty establishing the European Community set the framework for a Community intervention in international transport to or from the territory of a Member State or passing across the territory of one or more Member States.

The Marco Polo programme aims to have an impact on international road transport. Since modal shift objectives cannot be sufficiently achieved by the Member States and can therefore, by reason of the scope of the Programme, be better achieved at Community level, the Community may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that

Article, this Regulation does not go beyond what is necessary in order to achieve that objective.

The Charter of Fundamental Rights is not affected by the proposed measures more than in the baseline situation.

As explained in Annex V the proportionality of EU action is justified since the external costs avoided are considerably higher than the cost of the intervention. In terms of modal shift, the funding intensity is set at a maximum of €2, well short of the return made through the modal shift. (€1 of subsidy saves on average €9.15 of external costs).

Section 3: Objectives

- What are the general objectives? What are the more specific/operational objectives?

The **overall objective** is to help the programme achieve its general aim, namely to contribute to avoiding or shifting off the roads a substantial part of the expected growth of international road transport, estimated in 20bn tkm every year¹⁰. This can only be achieved with an increase of the Programme's effectiveness.

To help the programme to achieve its overall objective by tackling the underlying drivers of the problem, the following two **operational objectives** are envisaged:

1. Improving the visibility of the programme, and
2. Motivating potential beneficiaries to engage in projects aiming at traffic avoidance or modal shift of freight off the roads. The motivation of potential beneficiaries is achieved through:
 - 2.1 Simplifying the legal basis
 - 2.2 Clarifying the legal basis
 - 2.3 Adapting the legal basis to the transport market needs.

The two operational objectives have to be pursued together since they reinforce each other. Whilst the increase in visibility will be an objective to be pursued by the EACI, the motivation of potential beneficiaries is in the hands of the Commission as the initiator of legislative changes. The indicator to show that both objectives are achieved simultaneously is the number of tonne-kilometres avoided or shifted off the roads.

The operational objective of improving the visibility of the Programme is since March, 2008, the responsibility of the Executive Agency for Competitiveness and Innovation (EACI), which is managing the programme on behalf of the Commission since that date. The EACI will increase the number of yearly conferences above two, which was the case under the Commission management, will create a new visual identity for the Programme, will produce

¹⁰ Smart objective: Specific (increase the motivation of potential beneficiaries to present Marco Polo proposals), Measurable (the additional number of proposals), Achievable (as explained; given the constant growth of road transport and the tools available through the programme, the objectives are deemed to be achievable), Relevant (more proposals received mean more proposals selected and more proposals selected mean more modal shift), Time framed (the objectives must be achieved during the remaining life-span of the programme) .

targeted promotion materials for the transport industry and will increase contacts with the project representatives, which was one of the negative aspects highlighted by the external consultation.

A necessary condition for the objectives to deliver results is that any changes proposed to the programme are adopted swiftly in order to be implemented as soon as possible. A major revision of the programme, involving changes to ambition level, the scope or the original specific objectives of the Programme, should be discarded so to avoid the agreed amendments arriving too late in the life span of the programme (2007-2013).

Consistency of these objectives with other EU policies and, if applicable, horizontal objectives, such as the Lisbon and Sustainable Development strategies or respect for fundamental rights.

As stated in the external evaluation report, the Marco Polo programme constitutes an appropriate strategy to contribute to an efficient and sustainable transport system. The programme is also complementary to other EC intervention options, in particular the TEN-T network grants.

The objective pursued by the measures proposed will reinforce the already existing consistency of the Programme's objectives with other EU policies.

In order to escape the adverse effects of mobility in terms of substantial growth of freight transport over the coming years, the mid-term revision of the White Paper on the Common Transport policy, of June 2006 proposes, among other measures, to continue with the policy of shifting freight towards the least polluting and most energy-efficient modes of transport.

Modal shift and co-modality are two of the current objectives of the Union's transport policy which put it at the heart of the Lisbon strategy for growth and jobs. The set of transport policy objectives where modal shift is included are also longer term in nature, balancing the imperatives of economic growth, social welfare and environmental protection in all policy choices.

The EU transport policy context is one where the internal market has already brought benefits to the road and aviation sectors and this is expected to be the case also for rail and waterborne transport in the future. Efficiency gains supported by EU policies will make rail and waterborne transport more competitive, especially on longer routes.

Section 4: Description of Options

In view of the problems faced by the Programme, four options could be considered:

Option A — the baseline, already contains a number of measures which address some of the operational objectives described in section 3.

Option B — Targeted revision of the legal basis, with a number of measures analysed below.

Option C — Full revision of the legal basis. This is not a realistic option and is excluded from the analysis since it would entail not only considering the measures of Option B, but some others involving political and possibly controversial choices. The Commission services cannot engage in this exercise, since, as referred in the objective described in section 3, a necessary condition to achieve the objectives at mid-term of the life span of the programme (2007/2013), is that measures are adopted swiftly in order to act in time for the January 2010 call. Given this constraint, a full revision of the regulation is excluded from the analysis, since, as analysed below, it would entail an analysis of policy options which would add complexity to the amendment and delay its process, bringing it unacceptably close to the end of the life span of the Programme (2007/2013).

Option D — Stopping the Programme. Also not considered, for the reasons below.

Option A (Baseline) — No legislative amendments

If no action is taken this means that the regulation will not be amended.

In any case, in order to achieve the operational objective of increasing the visibility of the Programme and motivating potential beneficiaries, the Commission has already taken two main measures:

1. Since 1.3.08 the management of the Programme has been entrusted to the Executive Agency for Competitiveness and Innovation (EACI), among other Community programmes. This entity is solely devoted to project management; therefore the management of the programme and its projects will be considerably more effective than in the policy framework of the Commission. With this measure the underlying problem driver of lack of visibility (paragraph 1 in section 2) will be tackled and also the need to clarify and simplify the detailed rules concerning the procedure for submission and selection of projects (paragraph 2.4 in section 2). The EACI will raise the visibility of the Programme with increased and more specialised human resources devoted to communication. Also, the Programme will benefit from the experience of the EACI in managing the Intelligent Energy Programme. Both aspects are highlighted in the ‘Cost-effectiveness study concerning the externalisation of management tasks related to the Marco Polo programme’, by Ecorys, 2007.

2. Following the procedure provided in letter d), point 2 of Annex I to the Regulation, the Commission¹¹ will double the maximum funding intensity from €1 to €2 per 500 tkm avoided or shifted off the roads. This change will affect three kinds of Marco Polo projects. The Modal shift, Motorways of the Sea and Traffic avoidance actions get financial support depending on the amount of tkm avoided or shifted off the roads, therefore successful projects could reap double Community funding. This change will be already effective for the call in 2009. The choice of doubling the funding intensity to €2 per 500 tkm is made on the basis of the budget available¹².

The increase in the funding intensity does not have the objective of increasing the size of the projects, but to make the programme more attractive in terms of better deficit financing for the starting years of the projects. Taking into account that the value of the maximum funding intensity was set in 2003 and the current situation of higher of transport costs due to the volatility of oil prices and the economic downturn, revising the funding intensity constitutes a needed update of the Programme. It may well be that owing to the increase of the funding intensity, and given the fixed budget available, the average monetary size of the projects will increase, but this will depend on the number of new projects attracted by the measure, since the €2 per 500 tkm is a maximum value which could be adjusted if the requested subsidy is higher than the available budget. Annex V gives a description of two possible scenarios resulting from this measure.

¹¹ This Commission’s proposal has obtained the approval of the Marco Polo management Committee and will go through the right of scrutiny process by 30.06.08.

¹² With €2 per 500 tkm and €450 million of budget, the amount of potential modal shift is 112 billion tkm. The objective of MP II is to shift a substantial part of the yearly growth of international road transport estimated at 20.5 billion tkm. Over the entire life of the Programme this entails a global objective of (20.5 times 7 years) 143 billion tkm. Therefore with a maximum of €2 subvention the Programme can still achieve 78% modal shift of the estimated total growth of international freight transport by road. Achieving 78% of modal shift/traffic avoidance is not an objective but the maximum which could be achieved with a funding intensity of €2 per 500 tkm shifted/avoided.

By doubling the funding intensity the Commission aims to tackle the operational objective of increasing the motivation of potential beneficiaries to apply for Marco Polo funding. This measure will benefit micro and small undertakings in particular because this kind of undertakings is the one with more complex access to capital and for which the Marco Polo subsidy represents a key start-up aid. In the context of the current economic downturn the increase in the funding intensity will contribute to compensate the increase in transport unit costs derived from decreasing economies of scale.

Option B — Targeted revision of the Legal Basis

All legislative amendments entailing a political choice and which are excluded from the analysis are described under option C — Full revision of the Programme. Option B only contains legislative measures aiming to fine-tune the Marco Polo regulation in order to pursue the operational objective of motivating the potential beneficiaries by simplifying, clarifying and adapting the legal basis to the transport market needs.

B.1 Facilitating small undertakings' access to the Programme.

In order to achieve the operational objective of adapting the legal basis to the transport market's needs, one of the measures envisaged is to facilitate access to the Programme for small and micro undertakings. The objective *per se* is not to have smaller Marco Polo projects, but to facilitate smaller operators' access to the Programme. This can be done in three ways:

B.1.1 — Single undertaking. Allowing the submission of projects by a single undertaking would give Programme access for small undertakings with no networking in the transport industry. This measure would tackle the problem driver of unsuitable conditions for eligibility of beneficiaries (paragraph 2.2 in section 2) and was supported by 83% of the answers to the external consultation. Even if projects were allowed to be presented by a single undertaking, the scope of the project would continue to be a multinational transport link; therefore projects will still be international.

B.1.2 — IWT threshold. Setting a specific lower eligibility threshold for projects aiming to shift cargo from road to inland waterways would give better access to enterprises from the very fragmented sector of Inland Waterways Transport. This measure would tackle the problem driver of unsuitable funding requirements (paragraph 2.5.1 in section 2). The calculation of a new lower threshold for Inland Waterways Transport is done on the basis of the following market observation: A small barge carrying 1 500 tonnes typically along the Rhine or Danube takes 5 days to do a stretch of 300 km. If this stretch is done 40 times (200 working days) per year, then the barge can implement a modal shift of 18 million tkm per year ($40 \times 1\,500 \times 300 = 18$ million tkm). Therefore a threshold of a yearly 17 million tkm is proposed, equivalent to 50 million tkm over the entire period, 3 years maximum, of the modal shift project. The programme currently not accessible by such typical inland waterway transports will therefore become potentially interesting for this very frequent type of transport now in serious competition with road transport.

This calculation is consistent with the observations received in the public consultation, which suggest thresholds between 25 and 50 million tkm over the entire life of the project. Furthermore, lowering the thresholds for Inland Waterways is a long-standing request by the Inland Waterway sector and a specific recommendation by the external evaluation of the first Marco Polo programme. Actually the external evaluation of the Programme recommends

lowering the thresholds for these kinds of projects, which account for a significant share of the potential freight that can be shifted off the road.

The interim report of the external study on the effects of amending the Marco Polo regulation on the Inland Waterway transport sector advocates an especially low threshold for this sector, highlighting that it will compound the positive effect of the increase in funding intensity of the baseline scenario.

It is furthermore proposed that the legal text should permit extending this threshold to micro-enterprises in cases where experience with the programme advises it.

B.1.3 — Expenses refund. Refunding the expenses incurred by micro-enterprises, as defined by Commission Recommendation 2003/361/EC, for preparation of Marco Polo proposals, would adapt the Programme to market needs since it would reduce the risk involved in bidding with uncertain results of succeeding. A lump sum would be fixed in the text of each yearly call for proposals. This measure would tackle the problem driver of unsuitable funding conditions (paragraph 2.5.2 in section 2) and was supported by 78% of the contributors to the external consultation.

If the Commission guarantees payment of the proposal costs, on condition that the project is eligible according to the terms of the call, then the micro-enterprise has a guarantee that even if the project is not selected for support, it has covered the risk of losing the cost of making the proposal.

B.2 Modifying eligibility thresholds

In order to achieve the operational objectives of simplifying and clarifying the legal basis and at the same time adapting it to transport market needs, one of the envisaged measures is to adapt the current thresholds for the eligibility of proposals. This measure would tackle the problem driver of unsuitable funding conditions (paragraph 2.5.3, section 2). The measure would entail the following two sub-measures:

B.2.1 — Minimum thresholds for projects. In order to simplify the system of thresholds for the different kind of projects, it is proposed that:

B.2.1.1 — All kinds of projects, with the exception of Common Learning projects¹³, will be subject to a modal shift threshold only. This entails eliminating the current monetary thresholds and creating a threshold for Catalyst actions. A threshold of a yearly modal shift of 30 million tkm is proposed. This value is derived as a rounded-down result of a hypothetical transport service doing 100 journeys with 1000 tones over a stretch of 1000 kilometres over its entire life. Experience with the management of the Programme shows that this is the minimum size of trial for a Catalyst project to assess if the market will accept the innovation proposed. Adding a modal shift to the Catalyst projects was supported by 64% of the contributions to the external consultation. The elimination of the current monetary thresholds was supported by 70% of the contributors.

B.2.1.2 — All thresholds should be comparable for all kinds of projects when possible. This would entail eliminating the current monetary thresholds, except for Common Learning projects, which do not entail modal shift objectives, and setting the thresholds in yearly terms, since some projects may be longer than others.

¹³ By definition Common Learning projects do not result in a directly attributable modal shift.

Lowering the thresholds was supported by the majority of the contributions to the external consultation. The currently successful threshold for Modal Shift actions will be transformed into a yearly threshold of 80 million tkm. This figure is the rounded result of the current threshold for Modal Shift projects of 250 million tkm over the life of the project, usually three years. This threshold will continue to be applied to Modal Shift projects but also extended to traffic avoidance projects, so as to increase their chances of getting Programme support. The Motorways of the Sea projects by definition are large-scale projects (see Annex II), therefore applying the same thresholds as for Modal Shift projects would be inconsistent with the Programme's policy objectives. A threshold amounting to a rounded-up figure of five times the Modal Shift one is proposed, a yearly shift of 250 million tkm.

B.2.2 — The current 10% **Traffic avoidance specific threshold** provided by the regulation will be eliminated.

The result of the proposed changes to the thresholds is the following:

Project types	Current <u>project</u> thresholds		Proposed <u>yearly</u> thresholds¹⁴
Modal Shift	250 million tkm	€500 000	80 million tkm
Inland Waterways	n/a	n/a	17 million tkm
Catalyst	n/a	€2 million	30 million tkm
Common Learning	n/a	€250 000	€250 000 ¹⁵
Motorways of Sea	1.25 billion tkm	€2 5 million	250 million tkm
Traffic Avoidance	500 million tkm	€1 million	80 million tkm

B.3 Raising the funding intensity. In order to achieve the operational objective of adapting the legal basis to the transport market's needs, the two measures envisaged aim to increase the funding intensity indirectly by changing the modal shift calculation to include the transport element and allowing for the prolongation of projects which suffer justifiable initial delays.

B.3.1 — Modal shift calculation. Allowing inclusion of the weight of the transport element in the modal shift calculations would tackle the problem driver of unsuitable funding conditions (paragraph 2.5.4 in section 2) and was supported by 78% of the contributions to the external consultation.

B.3.2 — Extension of maximum implementation period. Allowing extension of the maximum implementation period by six months would tackle the problem driver of unsuitable

¹⁴ These thresholds are computed over the whole period of implementation of the project without setting any yearly rate of implementation. The minimum duration of any project aiming at modal shift or traffic avoidance is three years.

¹⁵ Over the entire project.

funding conditions (paragraph 2.5.5 in section 2). In the case of Common Learning projects, giving the possibility to double the duration of the project to 52 months would leave the duration of this action mid-way between the Modal Shift actions (36 months) and the Catalyst, Motorways of the Sea and Traffic avoidance (60 months). Extending the duration of the Common Learning projects was supported by 62% of the contributions to the external consultation.

B.4 Simplification

In order to achieve the operational objectives of simplifying and clarifying the legal basis, two kinds of measures are envisaged:

B.4.1 — Infrastructure funding. A simplification is proposed for the conditions for funding, with two principles: first, expenditure on ancillary infrastructure, as defined in Article 2 of the regulation, will be an eligible cost like any other, with no other limitation than compliance with the relevant Community legislation, and second, the eligible costs related to ancillary infrastructure should not be higher than 10% of the total eligible costs for the project. These changes will tackle the problem driver of unclear funding conditions (paragraph 2.5.6 of section 2) and considerably simplify the administration of the issue.

The simplification of the funding requirements for funding of infrastructure is supported by 88% of the contributions to the external consultation.

B.4.2 — Procedures. Following the example of the Competitiveness and Innovation Programme (CIP), it is proposed that Commission would only need to submit to the comitology process the yearly work programmes, leaving it to the EACI to deal with launching the calls and decisions on award of financial support. Currently the comitology process is required both for the adoption of the yearly work programme and decisions on award of financial support to projects.

The proposed simplification would tackle the problem driver of unsuitable administrative procedures (paragraph 2.6 in section 2).

A simplification of procedures is supported by 90% of the contributions to the external consultation.

Option C — Full revision of the Legal Basis

A full revision of the Programme would entail analysis of all the measures contained in Option B plus the following:

The **scope of the programme** (problem driver in paragraph 2.1 of section 2): Enlarging the scope of the programme, to allow one-Member-State-only projects for example, would entail a major reflection to encompass other national measures and compliance with the subsidiarity principle. Although the proposed measure B.1.1 would entail allowing projects to be presented by a single undertaking, the project still needs to have an international character in its nature, namely to achieve modal shift on an international transport route.

The **definition of types of projects** (problem driver in paragraph 2.3 of section 2): The programme is implemented with five kinds of actions: Modal Shift, Catalyst, Common Learning, Motorways of the Sea and Traffic Avoidance actions. These five kinds of actions are the specific objectives of the regulation to achieve its general traffic avoidance/modal shift

objective. However around 80% of the projects supported by the first Marco Polo programme are of the Modal Shift kind. Given this unbalanced result in terms of proportion of Community support given to the different types of projects, an adaptation of their definitions could be envisaged, but changing the definitions of the types of action would entail a major reflection on the policy options available for the Programme.

The **financing instruments** (problem driver in paragraph 2.7 of section 2): Marco Polo projects are currently implemented with grant agreements between the Commission and the beneficiaries. It might be that this contractual instrument is not best suited for implementing the Programme as compared with loans or other financial contracts. Actually the external evaluation includes some reflections on the fact that the support given to modal shift projects cannot be considered as decreasing the project risks, since the project partners will only receive a subsidy for every tkm which the project actually shifts off the road. However a change in the financing instrument would entail a substantial reflection on the policy options available for the Programme.

Option D — Stopping the Programme

The hypothetical option of stopping the Programme is not considered since, as explained in section 2, the Programme is an integral part of the EU Transport Policy as defined in the revision of the White Paper on EU Transport policy of 2006. Furthermore, as shown in the figure on page 6, the Programme is achieving a substantial modal shift, which although not reaching the desired level, makes a relevant contribution to reducing congestion and environmental costs.

The external evaluation of the first Marco Polo programme estimates that a modal shift of 30.6 billion tkm will be realised. Although that is only 64% of the objective, it is a significant amount with a significant impact on reducing congestion. The monetary value of the reduction in external costs as a consequence of that modal shift is estimated in €560 million¹⁶.

Recommendations not taken into account

The **external evaluation of the Programme** gave certain recommendations which have not been taken into account:

1. It advised making the ‘contribution to the reduction of road congestion’ more visible in the proposal evaluation stage, by entering it as a separate evaluation criterion in future calls and requesting more solid indications as to how a project contributes to reducing road congestion. This recommendation can be taken into account when drafting the yearly calls for proposals when further reflection on the issue is undertaken, therefore it does not entail any legislative action.

2. Because of the absence of shipping projects in the results of the 2006 Call, it was advised to sharply monitor the involvement of shipping projects in the first and subsequent calls of MP II. This has been done and no action is deemed necessary since short sea projects represented 41% and 18% of the selected projects in the first and second calls of the second Marco Polo programme.

A majority of the **contributions to the external consultation** suggest a higher funding intensity of €3 per 500 tkm for Catalyst projects. This recommendation will be taken into

¹⁶ 500 tkm shifted entail a saving of €9.15 in external costs, as shown in Annex IV.

account for the forthcoming 2010 call, after examining the results achieved by the 2009 call with an increased funding intensity of €2 per 500 tkm shifted.

Section 5: Analysis of impacts

The options are assessed according to seven criteria:

1. Effectiveness (economic, environmental and social benefits): The potential to improve the results of the programme (amount of tkm shifted or avoided) independently of the means needed to achieve them. It should be highlighted that because of the fact that the Programme suffers from substantial under-spending, any measure increasing the number of projects selected, without decreasing the average size of each project, will automatically generate an increase in the effectiveness of the programme in terms of tkm avoided or shifted, because most of the projects receive the subsidy depending on the actual tkm avoided or shifted. Since the Programme itself has positive economic, social and environmental effects, an increase in its effectiveness will increase those effects. As highlighted in the *ex-ante* evaluation of the second Marco Polo programme, besides the direct impact in terms of tonne-kilometres, the Programme has delivered a range of indirect positive impacts: air pollution, global warming, noise, traffic safety (accidents), congestion infrastructure, economic, social and competitiveness.

“Air pollution, global warming, noise, traffic safety, congestion and infrastructure impacts are quantified, using marginal cost estimates from former DG TREN research (UNITE, RECORDIT, REALISE) and other sources (INFRAS/IWW, OECD). The analysis results in Marco Polo II having a positive impact on reduction of externalities of €4.98 billion¹⁷. The reduction in externalities is approximately 76% (as compared to the situation without Marco Polo II). It should be noted that the external impacts are not restricted to the period 2007-2013; the impacts are also valid beyond the year 2013. Therefore the calculated impacts represent the minimum value, the actual impacts are higher.

Employment: Marco Polo II is expected to shift employment from the road sector to alternative modes of transport, both through a direct effect (road haulage sector to alternative modes) and indirect effect (supporting industries, e.g. from truck producers to producers of rolling stock and shipyards). The net effect is determined by productivity per sub-sector and location of industries and given the multitude of effects and the different directions of effects, size of the net effect is unknown. It should be noted that Marco Polo II intends to shift the future increase in road transport to other modes of transport, leaving the current road transport sector employment opportunities intact, while creating opportunities in other modes of transport.

Competitiveness: Marco Polo II scores a green light on the competitiveness’ traffic light test. Possible negative aspects, such as increased compliance costs and administrative burdens through tendering and monitoring and evaluation processes, and regional economic and social impacts through a redistribution of activities from the road sector to alternative modes of transport, are offset by expected foreseen positive aspects, such as lower transportation costs. These are likely to have a positive impact on production costs and positive spill-over effects to other sectors, contributing to innovation within the transportation sector and contribution to development of the internal market through the international character of the programme”

Ex ante Evaluation Marco Polo II (2007-2013), Ecorys, June, 2004

¹⁷ This value corresponds to a total expected budgetary allocation of €820 million. This entails a unitary value of €6.07 savings of external costs per euro, which would translate into a total impact of €2.73 billion with the current budget of €450 million. However, on the basis of the latest estimations of external effects saved by modal shift and the split of the modal shift proposed in the first Marco Polo programme, this value is estimated at €9.15, as shown in annex V.

2. **Efficiency:** The potential to improve the results of the programme compared to the means necessary to achieve them. Only negative or neutral effects on efficiency have been identified. Assessing the final positive effects of each of the measures in terms of efficiency is subject to so many uncertainties that conclusions in this sense would be misleading.

3. **Distribution of Community support among types of projects:** The proportion of support that goes to each project type and transport mode is in balance. In the first Marco Polo programme 80% of the support was given to Modal Shift projects. Any effect resulting in the improvement of the participation of other project types is considered positive, in particular for Traffic Avoidance actions, which have not received support yet. On the other hand Inland Waterway projects represent only 7% of the Community support awarded by the first Marco Polo programme. Since the objective of the Programme is ultimately to reduce congestion, a proper balance among transport modes is an issue to take into account. Inland Waterways is one of the least congested transport modes.

On the other hand the fact that traffic avoidance projects have not yet secured any Marco Polo support makes this important instrument irrelevant for reducing congestion. A better use of this instrument is therefore a relevant criterion for assessing the options.

4. **Simplification:** Depicts the impetus towards simpler calculations in the proposals and/or simpler project management.

5. **Evolution in time:** Estimation of the effects - positive, negative or neutral - of the measure over time.

6. **Non-EU effects/specific geographical effects:** Estimation of the effects on the connections of the EU with third countries and/or the concentration of effects in EU-peripheral or not yet Marco Polo favoured geographical areas.

7. **Administrative costs:** Estimation of the effects on the administrative costs needing to be incurred to manage the programme.

As calculated in Annex V, each euro of Marco Polo support to avoid or shift freight transport off the roads will have €9.15 of positive external effects in terms of air pollution, global warming, noise, traffic safety, congestion and infrastructure impacts plus other positive impacts in terms of employment and competitiveness. Therefore the increase in the effectiveness of the programme, measured in the amount of tkm avoided or shifted off the roads automatically has positive impacts in terms of environmental and social benefits, among other, amounting to €9.15 per euro of EU grant.

The impact of the different options on the EU budget is not analysed since the Programme has a fixed €450 million budget which provides funding for the projects but also the resources for the EACI management and administrative expenses. Otherwise all the options considered have no impact on the expenses incurred by the Commission in steering and controlling the Programme.

The only quantitative data available for evaluating the impacts of the proposed measures are the external effects of each tkm shifted/avoided off the road, amounting to €9.15. This overall value includes the environmental, economic and social benefits of the modal shift. Otherwise the assessment of the impacts of the measures has been done in qualitative terms.

Option A — No action

The effects of no action on the part of the Commission can be deduced from the conclusions of the external evaluation of the first Marco Polo programme, which estimates that only 64% of the objective of tkm to be shifted off the road is being met. Given the decreasing amount of subsidy requested every year (see table on page 7) and the more ambitious targets of the second Marco Polo programme¹⁸ the objectives set in the second Marco Polo regulation will not be achieved (see table on page 6). This would bring negative consequences in terms of additional road infrastructure costs, accidents, congestion, local and global pollution, environmental damage and unreliability of the supply chain and of logistics processes. Currently the effects of congestion are estimated to be 1% of the EU's GDP and the cost of environmental damage around 1.1% of the EU's GDP¹⁹.

Following the latest estimations of the external savings effected by the modal shift and the split of the modal shift proposed by the projects supported by the first Marco Polo programme, every euro of Marco Polo programme support entails external benefits amounting to €9.15 in terms of external costs saved (see Annex V). This means that the opportunity cost of not having fully implemented the first Marco Polo Programme can be estimated at €228 million²⁰.

In view of this development the Commission has already taken two early steps:

1. The management of the Programme has been entrusted to the Executive Agency for Competitiveness and Innovation (EACI), alongside other Community programmes. This agency is solely devoted to project management; therefore the management of the programme and its projects will be considerably more effective than in the policy framework of the Commission. Also, greater simplification is expected from the EACI because of streamlined internal procedures and increased human resources, allowing standardisation of management methods. This effect will increase over time since the EACI will go through an unavoidable learning process.

2. Following the procedure stipulated in letter d), point 2 of Annex I to the Regulation, the Commission will double the maximum funding intensity from €1 to €2 per 500 tkm avoided or shifted off the roads. This change will automatically make three kinds of Marco Polo actions more attractive to the potential applicants. The Modal Shift, Motorways of the Sea and Traffic Avoidance actions get financial support depending on the amount of tkm avoided or shifted off the roads, therefore successful projects will reap double Community funding.

Two scenarios can be envisaged as a consequence of the doubling of the maximum funding intensity for the 2009 Call:

1. Increase in the total yearly subsidy requested of 20% compared to 2008.
2. Increase in the total yearly subsidy requested of 60% compared to 2008. .

¹⁸ The objective of Marco Polo I was to shift 12 billion tkm per year, whereas the objective of Marco Polo II is to avoid or shift a substantial part of 20.5 billion tkm per year.

¹⁹ Source — 2001 White Paper on Transport: European transport policy for 2010: Time to decide.

²⁰ Only €74 million out of €102 million were committed. €28 million times 9.15 is the benefits which could be obtained ((28 x 9.15)-28=228) opportunity cost.

Taking into account the incremental costs and external benefits, the results of the doubling of the funding intensity are positive in the best (€166 million) and worst (€44 million) scenarios, as shown in Annex V, therefore doubling the funding intensity will substantially increase the Programme's **effectiveness**.

In the current circumstances of economic downturn the increase of the funding intensity will in any case contribute to compensate the increase of transport unit costs derived from diminishing economies of scale.

On the other hand, the positive effects of outsourcing the management of the Programme to the EACI, in terms of increased effectiveness, will take about two years to be felt and are difficult to assess in quantitative terms.

Even if the effects of doubling the funding intensity are significant, the objective of shifting a substantial part of the estimated international growth of road transport will be difficult to achieve with this measure alone. The most optimistic scenario, with a 60% increase in the tkm proposed in 2009, predicts a total proposed modal shift of 25 billion. Following the estimations of the external evaluation of the first Marco Polo programme, only 64% of this modal shift is finally achieved, namely 16 billion tkm. The impact of these measures on the **efficiency** of the Programme is negative since each tkm avoided or shifted off the road could cost the Community up to twice as much compared with previous years.

The impact of these measures in terms of **distribution of support** among kinds of projects is expected to be neutral since the measures affect all kinds of projects and transport modes in the same way and the same intensity. However the streamlined processes expected to be established by the EACI will have a positive impact on **simplification**.

The effects of these measures over **time** are expected to increase because of the learning process by the EACI and the increased competition for EU funding once the new funding intensity becomes widely known in the transport industry.

In terms of **non-EU effects/geographical distribution**, the impact is expected to be neutral, as the measures are of horizontal nature.

Even if it is not the objective *per se*, a higher funding intensity, given the limited budget, can result in an increase of the size of the projects, which in turn will result in a reduction of **administrative costs**.

Option B — Targeted revision of the Legal Basis

B.1 — Facilitating small undertakings' access to the Programme

B.1.1 — Submission by single undertaking. Allowing proposals to be presented by a single undertaking will no doubt have an effect in the number of proposals presented.

As suggested in some contributions to the external consultation, freight flows and transport companies are becoming more and more international and the management of these flows can be provided more often by the same entity. Also it has been suggested that this measure is positive, since establishing a consortium in order to apply for Marco Polo funding is often a burden and is frequently artificial. In fact 86% of the contributions favoured the measure proposed. Therefore it is expected that the results of this measure will be quite **effective** in attracting new proposals and will increase the total traffic avoidance and modal shift achieved by the programme.

The **efficiency** of the Programme will not suffer, since this measure will only change which kind of companies are actually doing the modal shift/traffic avoidance. However the measure will have a very positive effect on the **distribution of support** among project types and transport modes since the main beneficiaries of this measure are expected to be the Inland Waterway transport sector, in the first place, and the road transport sector (for traffic avoidance projects) in the second place. Representatives from these very fragmented transport sectors have often expressed their concerns about the requirement of the regulation that 'actions shall be submitted by a consortium of two or more undertakings, established in at least two different Member States'. Given that only 7% of the Marco Polo funding has benefited Inland Waterway transport services and/or traffic avoidance actions, this measure will have an effect on the better distribution of modes supported by Community funding.

In terms of **simplification** the effects will be quite positive for the applicants and the Commission, since the application and management process will be easier with fewer partners involved in the projects.

The effects of this measure over **time** are expected to remain stable because a substantial learning process will not be required.

No particular effects are expected at **non-EU level/geographical level** since small undertakings are distributed all around the EU.

The results of this measure will slightly decrease **administrative costs** since there will be fewer formal requirements for project presentation, evaluation and administration.

B.1.2 — Specific lower threshold for IWT. The creation of a lower threshold for projects aiming to shift cargo from the road to inland waterways is a long-standing request by the Inland Waterway sector and a specific recommendation by the external evaluation of the first Marco Polo programme.

Furthermore extending the lower threshold to micro-enterprises could be envisaged if experience with the programme advises it. The application of this low threshold for micro enterprises is expected to have a cross-cutting effect on the possibilities open to undertakings from transport sectors other than the Inland Waterway sector. This is confirmed by the contributions to the external consultation, which favoured the application of this low threshold for micro-enterprises in general.

This measure will increase the **effectiveness** of the Programme since it will attract a number of projects which otherwise would not apply.

The **efficiency** of the Programme will not suffer since this measure will only change which kind of companies are actually doing the modal shift/traffic avoidance.

Since the main beneficiaries of this lower threshold are expected to be the fragmented sectors of Inland Waterway and road transport, the measure will have a very positive effect in the **distribution of funding** among the different project types.

The measure will have a slight negative effect in **simplification** since it is creating an exceptional threshold which breaks the intended uniformity in the thresholds. The **administrative costs** are expected to be higher since smaller projects will consume less budget but with the same management time as for bigger ones.

The possibilities of **non-EU effects/geographical effects** are clear in the case of the connections between Finland and Russia, if Russia becomes a participating country in the Marco Polo programme. Otherwise the IWT sector is specific to around 12 Member States, so the measure will have specific effects in this area.

The effects of this measure over **time** are expected to remain stable since a substantial learning process is not required.

B.1.3 — Refund of proposal preparation expenses. The effect of this measure is difficult to estimate, but given the high level of support given to it in the external consultation, it is expected to bring many applications from micro-enterprises. The extent to which these applications will be of sufficient quality to be selected for funding is unknown, but it can be assumed that a proportion of them will have a sufficient quality level to be awarded Community support. Therefore an increase of the Programme **effectiveness** is expected. Indeed, the external study on the effects of the amendment of the Marco Polo regulation in the Inland Waterway transport sector estimates that this will be a real incentive for micro-enterprises to try and apply for Marco Polo funding. A positive effect is also expected in the **distribution of Marco Polo support** among project types, since the measure will mainly affect the most fragmented transport sectors, i.e. Inland Waterways and road transport, currently under-represented among the Marco Polo beneficiaries. The **efficiency** of the Programme will not suffer since this measure will only change the kind of companies that are actually doing the modal shift/traffic avoidance.

The effects of the measure will increase in **time** due to the learning process in micro-enterprises and the difficulties of making the changes to the Programme known to them in the first instance.

Since this measure will attract smaller projects and adds a new procedure for refund of expenses, the effects in terms of **simplification** and **administrative** costs are expected to be negative.

No effects are expected at **non-EU or regional level** because of the general nature of the measure.

B.2 Modifying eligibility thresholds

B.2.1 — Lowering minimum eligibility thresholds. In terms of **effectiveness** of the programme, this measure will have positive effects since one of its elements is the creation of a tkm threshold for Catalyst actions, which will now contribute to the modal shift/traffic avoidance Programme's objectives. On the other hand lowering the thresholds for Traffic Avoidance projects will attract new proposals which will translate into an increase of the modal shift/traffic avoidance achieved by the Programme.

The **efficiency** of the Programme will not suffer since this measure will only change the size of the projects which will actually do the modal shift/traffic avoidance.

In terms of the **distribution of projects** among project types, this measure will be very positive since it will give more possibilities to projects which are currently underrepresented in Marco Polo support, the Traffic Avoidance projects.

The measure will have positive effects in terms of **simplification** and **administrative expenses** thanks to a simpler and more uniform system of thresholds affecting the selection and management process.

In terms of **regional distribution** of projects, the measure will have positive effects derived from the fact that smaller Member States will have better access to the Programme with lower thresholds.

The effects of this measure over **time** are expected to remain stable since a substantial learning process is not required.

B.2.2 — Elimination of specific 10% threshold for Traffic Avoidance projects. Deleting this specific threshold for traffic avoidance projects will have a slight increase in terms of **effectiveness** of the Programme since it will be easier for certain projects to apply for funding and it is expected that they will do so. The **efficiency** of the Programme will not suffer since this measure will only change the size of the projects which will actually do the modal shift/traffic avoidance.

In terms of the **distribution of projects** among project types, this measure will be positive since it will provide more possibilities for a type of project that has not yet received any Marco Polo support, namely the Traffic Avoidance projects.

The measure is basically a **simplification** measure and will contribute to a slight reduction of **administrative costs** because of the simpler application and management process.

No specific effects are expected at **non-EU level/geographical level** since traffic avoidance projects can be proposed from many different geographical areas.

The effects of this measure over **time** are expected to remain stable since a substantial learning process is not required.

B. 3 — Raising the funding intensity

B.3.1 — Calculation of modal shift. The measure proposes to include the weight of the transport vehicle in the calculations.

In terms of the **effectiveness** of the Programme, the measure is expected to have a very positive impact since it will increase the financial return of the proposals for the beneficiaries, therefore increasing the attractiveness of the Programme and consequently the number of applications. Otherwise it will open the door to projects which involve the repositioning of transport elements, i.e. empty containers returning from delivery point, and many other projects with unbalanced flows.

Including the transport element in the modal shift calculation can have a substantial negative effect on the **efficiency** of the programme since the same “freight” modal shift will actually require a higher Community subsidy.

On the other hand this measure will entail a substantial **simplification** because the calculation of modal shift will be easier and more transparent.

The effects on the **distribution of support** among projects is expected to be negative since Marco Polo support will benefit most those projects that do not involve change of transport mode.

The measure will have very positive effects in terms of **geographical distribution** since transport projects involving EU peripheral areas with an intensive export or import industry (as for example forestry industries in Finland, car manufacturing in Sweden or fresh vegetables in southern Spain) will benefit from this measure, which will allow the Programme to support shifting off the roads empty transport elements, i.e. empty containers returning from their delivery point

The results of this measure will slightly decrease **administrative costs** since calculations of modal shift and reporting of results will be made simpler.

The effects of this measure over **time** are expected to remain stable since a substantial learning process is not required.

B.3.2 – Extending maximum implementation periods. This measure can substantially increase the **effectiveness** of the Programme in the specific case of the implementation period for projects involving modal shift. Management experience with the Programme shows that often these projects suffer start-up problems which delay the implementation of the modal shift beyond the project implementation period. The **efficiency** of the Programme will not suffer since each tonne-kilometre shifted or avoided will continue to cost the same in terms of EU grant.

In terms of **distribution of support** among projects, the measure is expected to be neutral since it benefits all kinds of projects.

The measure will have negative effects in terms of **simplification** and **administrative costs** since it will involve exceptional procedures to extend the duration of the contracts.

The effects are not expected to change substantially over **time**, since no specific learning process is involved and no events are expected to influence the implementation of the measure.

No effects are expected at **non-EU or regional level**, because of the general nature of the measure.

B.4 Simplification

B.4.1 — Changing the framework for infrastructure funding. Simplifying the conditions for supporting infrastructure may attract big projects and therefore increase the tkm performance of the Programme, thereby increasing its **effectiveness**. The **efficiency** of the Programme is not expected to suffer since each tkm shifted or avoided will continue to cost the same in terms of EU grant.

Since the measure is of general nature, the effects on the **distribution of support** among projects and the **non-EU effects/geographical distribution** are expected to be neutral.

The effects are not expected to change substantially over **time**, since no specific learning process is involved and no events are expected to influence the implementation of the measure.

By definition the measure will have substantial **simplification** effects which will have a very positive impact on **administrative costs**, since the application and management of the projects will be simpler.

B.4.2 — Simplification of administrative procedures. The implementation of this measure will entail an improvement of the **effectiveness** of the Programme since simpler management will tend to attract more projects. The **efficiency** of the Programme is not expected to suffer since each tkm shifted or avoided will continue to cost the same in terms of EU grant.

Since the measure is of general nature the effects on the **distribution of support** among projects and the **non-EU effects/geographical distribution** are expected to be neutral.

The effects over **time** are expected to increase substantially, since the beneficiaries' perceptions will improve when they gain personal experience of the shorter procedures.

By definition the measure will have very high **simplification** effects with a major impact on **administrative costs**, namely saving one comitology process per year.

Section 6: Comparing the options analysed

Following the assessments done in section 5, the following table summarises the effects of each of the options:

Option	Impacts of the options						
	Effectiveness (economic, environment and social benefits)	Efficiency	Distribution of support among kinds of projects	Simplification	Evolution in time	Non effects specific geographical effects	EU / Administrative costs
Option A — Baseline scenario							
No EC action	++	--	Neutral	+	+	Neutral	+
Option B — Targeted revision of the Legal Basis							
Measures benefiting small undertakings (B.1)							
Single undertaking	+	Neutral	++	++	Neutral	Neutral	+
IWT threshold	+	Neutral	++	-	Neutral	+	-
Expenses refund	+	Neutral	+	-	+	Neutral	-
Measures modifying eligibility thresholds (B.2)							
Minimum thresholds	+	Neutral	++	+	Neutral	+	+
Traffic avoidance threshold	+	Neutral	+	+	Neutral	Neutral	+
Measures raising the funding intensity (B.3)							
Modal shift calculation	++	--	-	++	Neutral	++	+
Implementation period	++	Neutral	Neutral	-	Neutral	Neutral	-
Simplification measures (B.4)							
Infrastructure funding	+	Neutral	Neutral	++	Neutral	Neutral	+
Procedures	+	Neutral	Neutral	+++	++	Neutral	+++

The results of the assessment of Option A show that if no action is taken to amend the regulation, the effectiveness of the Programme in achieving its objectives will increase but the efficiency in achieving them will decrease substantially, and even if there is an increase in the tkm achieved, the objective set in the legal basis will not be achieved.

All measures in Option B have been found to be effective, have an added value compared to the baseline and show that they complement each other. A ranking can be established considering their effects:

In the first place, the measures raising the funding intensity (B.3) are the most effective, but as with Option A, the high effectiveness is offset by a substantial decrease in the efficiency of Community intervention. Most of the added value of these measures in comparison to the baseline stems from a further increase in the effectiveness of the Programme. Additional added value comes from a simplification of the Programme.

In the second place, the measures aiming at a simplification of the legal basis and its implementation (B.4) will of course have a substantial impact in terms of simplification which will be compounded over time, with savings in administrative costs. Therefore the added value of these measures in comparison to the baseline is a substantial simplification of the Programme and a reduction of its administrative costs.

In the third place, the measures benefiting small undertakings (B.1) will above all have a positive impact by balancing the distribution of Marco Polo support over the various alternatives to road transport and the different project types. Therefore the added value of these measures in comparison to the baseline is a better distribution of the Programme grants among different transport modes, project types and geographical areas benefiting from the Programme. The increase in administrative costs derived from managing smaller projects will be offset by the relative increase in project size caused by measures raising the funding intensity.

Finally, the measures modifying the eligibility thresholds (B.2) will have a very balanced effect in terms of the basic assessment criteria, with no negative impacts on any of them. The added value of these measures in comparison to the baseline are a better balance of the Programme grants over various transport modes, project types and geographical areas benefiting from the Programme. Furthermore these measures will also add value in terms of a simplification of the Programme and a reduction of administrative costs.

Choice of options

Having excluded from the analysis the option (C) of a full revision of the regulation and the option (D) of stopping the Programme, the conclusion of the assessment of the options is that action on the part of the Commission, implementing option B, has added value in terms of greater effectiveness for the Programme with substantial positive effects in terms of a better distribution of funding over types of projects, simplification and savings in administrative costs. In the case of no action by the EU the effectiveness of the programme will increase because of the non-legislative measures that are in the pipeline, but the efficiency of Community intervention will suffer.

Implementing Option B will bring benefits vis-à-vis the baseline in terms of:

- a further increase in the effectiveness of the programme, which is needed to ensure the achievement of the Programme's modal shift and traffic avoidance objectives,
- a more balanced distribution of community support among project types favouring the so far unsuccessful traffic avoidance projects and transferring congestion to traffic modes with spare capacity, notably Inland Waterways,
- a substantial simplification of the legal basis and the management of the Programme, which is very much demanded by the transport sector and highlighted in the external evaluation of the first Marco Polo programme,

- a significant reduction of administrative costs to manage the programme, as a direct consequence of simplification, which will outweigh the negative effects of increased support to smaller projects,
- a positive effect in terms of benefits for peripheral areas and non-member countries, as a consequence of favouring Inland Waterway projects in peripheral areas and allowing modal shift of empty transport units,

The assessment leading to the choice of options is fully supported by the results of the external consultation, which show a clear and significant support for all the options, except for the measure B.3.2 on the elimination of a specific threshold for traffic avoidance projects, where in any case the high percentage of blank replies confirms some doubts about the clarity of the text of the Marco Polo regulation dealing with that particular option

Section 7: Monitoring and evaluation

The second Marco Polo regulation already sets a clear indicator for the assessment of the results of the Programme's implementation. The modal shift and traffic avoidance should be monitored by the Programme Manager in DG TREN and measured in terms of tonne-kilometres shifted or avoided on the roads of the countries participating in the Programme. Traffic avoidance actions are measured in terms of vehicle-kilometres avoided, which for the effects of all calculations, converts into tkm at a ratio of 20 (1vkm = 20 tkm). For modal shift of freight with large volume and less weight than normal, a volumetric conversion is applied: 1 tonne-kilometre = 4 m³ kilometre.

However, the effects of the proposed measures will primarily be measured in terms of proposals submitted in response to the first call after the measures are implemented, as compared with previous calls. A secondary indicator will be the number of proposals selected for funding as compared with previous calls. A tertiary indicator will be the number of tkm proposed to be shifted by the proposals selected, measuring the indicative effectiveness of the Programme.

1. ANNEX I: SUMMARY OF RESPONSES TO THE 'QUESTIONNAIRE ON HOW TO IMPROVE THE SECOND MARCO POLO PROGRAMME (REGULATION (EC) No 1692/2006)'

1.1. Results

1.2.

- 97 responses have been received

1.3. Contact details of contributors

1.4.

1.5.

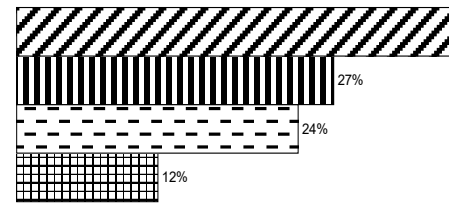
1.10.

1.6. I advise potential Marco Polo applicants.....

1.7. I took already part in a Marco Polo project.....

1.8. I plan to apply for Marco Polo funding in the future.....
.....

1.9. None of the above.....



1.11.

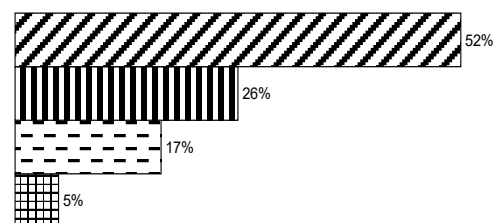
1.12. Definition of freight which includes the transport unit

The current legal text does not include a definition which describes what is actually included when calculating the modal shift. Article 2 (m) defines "tonne-kilometre" as "the transport of a tonne of freight or its volumetric equivalent over a distance of one kilometre".

1.12.1. What should be included in the calculation of modal shift in the Marco Polo regulation?

- C) Tare. Meaning the weight of the transport unit, including the motorised transport unit....
- B) Tare. Meaning the weight of the non-autonomous transport unit.....
- A) Freight only.....

No answer.....



1.13. Comments

1.14.

Although in contradiction with some national schemes, including the carrying unit and the transporting unit (option C) is favoured by the majority of contributions. The main arguments in favour of including the whole transporting unit in the modal shift calculation are:

1. Empty trucks or trucks carrying empty containers create congestion on the roads.
2. Most of the transport flows are unbalanced, requiring the repositioning of the empty transport units.
3. It is very difficult to separate the weight of the cargo from the transporting elements.

26% of the contributions were in favour of including the carrying unit but not the transporting unit, since this would entail favouring transport by truck against unaccompanied transport, which is more efficient.

18% of the contributions advocated including only the weight of the freight in the modal shift calculations because the aim of the programme is to shift freight (only) out of the roads.

1.15.

1.16.

1.17. Adding a modal shift-related eligibility and subsidy threshold to catalyst actions

Catalyst actions are innovative projects aimed at overcoming significant structural barriers in the Community freight transport market which impede the efficient functioning of the markets, the competitiveness of short sea shipping, rail, or inland waterway transport, and/or the efficiency of transport chains making use of these modes, including the modification or creation of ancillary infrastructure; for the purpose of this definition, such structural barriers shall mean any non-regulatory, factual and non-temporary impediment to the proper functioning of the freight transport chain.

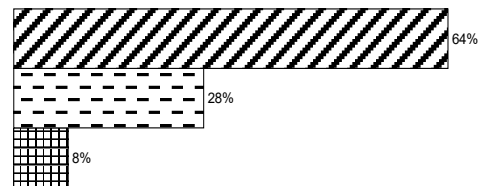
The current text of the Marco Polo regulation is setting a minimum indicative subsidy threshold of € 2 million; meaning that the minimum requested grant has to reach that figure. At present, Catalyst actions do not have any limit to financial assistance linked with the amount of modal shift achieved. Motorways of the Sea, Modal shift and Traffic Avoidance actions receive a maximum of 1 € (2€ if updated for call 2009) per 500 tonne-kilometres shifted or avoided.

1.17.1. Should financial assistance to Catalyst actions be made conditional to the achievement of modal shift by the action?

B) Yes.....

A) No.....

No answer.....



1.18. Comments

The majority of the contributions favoured requiring a modal shift for Catalyst actions because:

1. Modal shift if the objective of the Programme
2. Catalyst actions should give results since there are already other EU programmes supporting research

It is however recognised that the application of modal shift thresholds to this project type would complicate more the implementation of these projects which have often uncertain results and have not been well understood by the transport industry.

Some suggestions point that a modal shift target would be contradictory with the concept of co-modality and that other performance indicators should be established.

A majority of the contributions suggest using a higher funding intensity for this project type (3 EUR per 500 tkm shifted)

1.19. Extension of the maximum duration for Common Learning Actions

Common Learning Actions are projects aimed at improving cooperation for structurally optimising working methods and procedures in the freight transport chain, taking into account the requirements of logistics.

Annex I, part 3, on form and duration of subsidy agreement of the second Marco Polo regulation provides that, for common learning actions, "As a rule, the maximum duration of these agreements shall be 26 months".

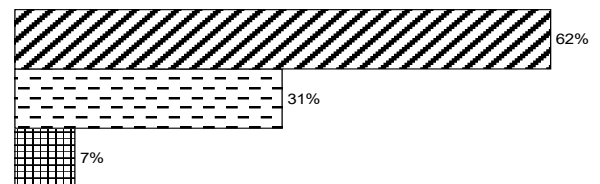
1.19.1. Should the maximum duration of the Common Learning actions be extended?

B) Yes.....

A) No.....

No answer.....

1.20. Comments



The majority of contributions favour the extension of the duration of the Common learning projects, since these are complex actions with involvement of various countries which can potentially take long decision-taking periods.

Some recognise that extension would not bring necessarily more projects than in the past and assessing the convenience of prolonging the duration would be difficult. For this purpose precise criteria should be established.

Some suggestions advocate a decreasing support over the years.

Some contributions favour an initial duration of 36 months from the onset.

Other contributions suggest that a too longer period might be not necessary in a quickly evolving transport market and Community subventions for more than two years could distort competition.

A number of contributions suggest that there are no problems with the maximum project duration but with the too general definition of the project type.

Some would actually limit the total duration to 12 months.

1.21. Deleting the minimum 10% vkm shift requirement for traffic avoidance actions

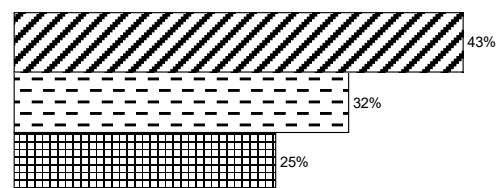
The second Marco Polo regulation introduces a new kind of action to the three types created by the first Marco Polo programme. The traffic avoidance actions are innovative projects integrating transport into production logistics to avoid a large percentage of freight transport by road without adversely affecting production output or workforce. Actions of this kind may include the modification or creation of ancillary infrastructure and equipment. Annex I, letter (d), on funding conditions of the second Marco Polo regulation also provides that "the traffic avoidance action is expected to lead to an actual, measurable and sustainable traffic avoidance of at least 10 percent of the freight volume measured in tonnes-kilometres or vehicle-kilometres".

1.21.1. Should the 10% vkm shift requirement for traffic avoidance actions be kept?

A) Yes.....

B) No.....

No answer.....



1.22. Comments

The big percentage of contributions with no suggestions (25%) show the difficulties to understand the legal text.

Otherwise a slim majority of the opinions (43% against 32%) favour keeping this threshold on the basis of:

1. The need to control the project
2. The need to avoid small projects
3. The 10% threshold is not too high

Those advocating the elimination of this threshold did it on the basis of:

1. The too general definition of the threshold
2. The difficulties to achieve it
3. The penalisation imposed to these projects, which are not successful up to date.
4. Volume thresholds would be better

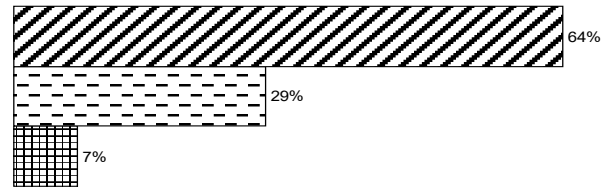
1.23. Setting a unique modal shift eligibility threshold of 250 million tkm for Modal shift, Motorways of the Sea and Traffic avoidance actions

1.23.1. Should the tkm thresholds be kept in current levels?

B) No.....

A) Yes.....

No answer.....



1.24. Comments

The majority of contributions favour the change of the current thresholds on the basis of the following arguments:

1. The current threshold levels favour the geographically larger Member States.
2. Specific thresholds are needed for IWT projects and for smaller island Member States with short road/rail networks.
3. The thresholds are far too high for the road sector which is very fragmented
4. The current thresholds do not stimulate the potential beneficiaries.
5. Small and medium undertakings need lower thresholds.

Some contributions agree that a mostly uniform threshold will foster the presentation of more proposals.

But many suggest different thresholds to those proposed by the Commission:

- Modal shift should have a threshold of 100 million tkm, or 200 million tkm for other contributors.
- IWT and Micro enterprises should have a 40 million tkm for Catalyst and 25 million tkm for Modal shift projects
- There should be a further reflection to facilitate the modal shift of abnormal indivisible loads and very voluminous goods which hardly meet the current thresholds.
- For Motorways of the Sea big thresholds should be kept in order to keep these projects aligned with the TEN-T criteria.
- The yearly subvention for Motorways of the Seas is too small per year since the duration of this action type is longer than for Modal shift projects.
- A decrease of 50% in all thresholds is needed to motivate potential beneficiaries.
- Traffic avoidance projects should have a 100 million tkm threshold
- The threshold for Motorways of the Sea should be lowered and the rest kept the same

1.24.1. Should the tkm thresholds be unlinked from the grant intensity in € per tkm, therefore eliminating the thresholds in € so as to allow adapting the ratio of € per tkm in future calls?

B) Yes.....

A) No.....

No answer.....



1.25. Comments

The majority of the contributions advocate thresholds in tkm only, because of the following reasons:

1. Expressing the thresholds in tkm only is the right way to simplify and standardise the regulation.
2. The Commission may have a broader field of action for adapting the parameters in future calls.
3. Since the objective is modal shift, thresholds in monetary terms should not be an obstacle for efficient projects being awarded Community support.

On the other hand a small proportion of contributions advised not to delete the monetary threshold on the following reasons

1. Would create further uncertainties.
2. A change of rules should be avoided once other grants have been awarded before with other rules.
3. Monetary thresholds could be kept as indicative only since an analysis multi criterion is essential.

1.26. Allowing applications to be submitted by a single undertaking

In its article 4, the Marco Polo regulation provides that "Actions should be submitted by a consortium of two or more undertakings..."

1.26.1. Should it be allowed that applications are submitted by a single undertaking established in the EU?

B) Yes.....

A) No.....

No answer.....



1.27. Comments

The majority of the contributions favour the possibility that applications for funding are presented by a single commercial undertaking, because:

1. Freight flows are becoming more and more international, and, at the same time, it can also be provided more and more by the same entity
2. Simplification of the regulation.
3. A simple structure could be more efficient.
4. Building a consortium can be complicated and costly
5. A single undertaking is not a drawback for the project quality.
6. It can be a good incentive for more applications.
7. Small and medium sized undertakings are able to offer European wide intermodal services on their own.
8. For potential competitiveness reasons it is hard to find two competitive operators working together on the same project.
9. Would stimulate the SME industry and our members to submit proposals

But contributors attach some conditions to a single undertaking presenting a proposal:

1. Single undertaking applicants should be required to provide comprehensive documentary evidence of freight delivery patterns when they submit their applications.
2. Undertakings should have an appropriate size.
3. Provided the undertaking is established in at least one of the Member State concerned by the project.
4. Single undertaking applicants should provide evidence of financial and technical capacity.
5. Provided that the rule of 2 EU countries is respected.
6. Provided that there is an absolute transparency how the subsidy is distributed between the parental company and 'daughters' or business units along the logistic chain.

The advantages of projects with a single undertaking would be:

1. Easier accountability
2. Increase the number of applicants and help the Programme meet its target objectives

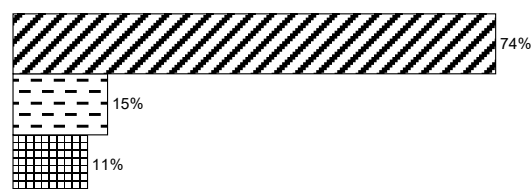
1.28. Establishing a special threshold of 25 million tkm for IWT companies and opening this possibility for Micro enterprises from other transport sectors

1.28.1. Should there be a specific lower threshold for IWT companies and Micro enterprises from other transport sectors?

B) Yes.....

A) No.....

No answer.....



1.29. Comments

A majority of the proposals favour the introduction of a special threshold for projects submitted by IWT companies and extending this to Micro enterprises. The two main reasons highlighted for the new threshold were:

1. Inland waterways have a very high potential, which is still not being used sufficiently. Therefore a low threshold can help to attract many new good ideas.

2. Building consortia in the fragmented Inland Waterways Sector is very difficult and small single undertakings need lower thresholds.

However some contributions highlight that:

1. A special lower threshold for Inland Waterways Transport would be to the detriment of other investments in other transport modes.

2. The Commission should have reassurance from EACI that it can deal with added administrative burdens arising from increased applications though.

3. Thresholds should not be too low, as high thresholds lead to stronger (financial) commitment from bidders and therefore promote projects reaching the critical mass needed for catalyst and lever effects on modal shift. Low threshold can lead to opportunist proposals.

4. 25 million tkm per year is too high, above all for the first year. 25 or 50 million tkm over the entire life of the project could be more reasonable.

4. Discriminating policies are not well received by the rest of the market

5. Lower thresholds for inland waterways are not needed since there is a general reduction of thresholds already proposed.

6. It will be difficult to encourage the commitment of companies with scarce financial resources in a capital-intensive sector, as is the transport sector.

7. A better threshold would be 10 million tkm per year.

8. Small, newly established companies should also benefit from this possibility.

9. All transport modes have to be treated equally, therefore this low threshold should be extended to other sector.

10. Small undertakings managing big projects is difficult to control. Specific measures should be developed to monitor these projects.

1.30. Ancillary infrastructure financing conditions to be simplified

Annex II of the second Marco Polo regulation includes the funding conditions for ancillary infrastructure. However it has been often reported that the rules for calculating the grant for ancillary infrastructure are complex and confusing. It is proposed that Annex II to the regulation is eliminated, that spending in ancillary infrastructure is considered eligible as the rest of the costs and that funding of expenses in ancillary infrastructure is limited to 10% of the Marco Polo grant.

1.30.1. Should there be a simplification of the conditions for financing infrastructure?

B) Yes.....
A) No.....
No answer.....



1.31. Comments

Most of the contribution favoured a simplification of the conditions, with the following observations:

1. The regulation also needs to clarify the range of project types that might be funded - such as new handling equipment, capital dredging, portable cranes etc.
2. Financing should be also open to "normal" infrastructure which is open to everyone
3. A maximum period of implementation should be fixed.
4. The relation between the Programme and the TEN-T is not clear.
5. In any case operational costs should be the main source of financing.
6. Financing of infrastructure should also be allowed for Modal shift projects.
7. Infrastructure is usually financed with other Programmes. The infrastructure finance achievable within or by Marco Polo can be neglected.
8. The main objective of Marco Polo is to finance alternative modes to the road, but specific intermodal or IT equipment may require some funding, provided that they are necessary for the success of the action.
9. The problem with specific-use infrastructure: it has a potential to harm the competition between the operators and create entrance barriers for new operators.
10. A simplification of the conditions for financing infrastructure should increase the demand of funds for dedicated terminals.
11. The current rules seem to be complex and confusing.

1.31.1. Spending in ancillary infrastructure should be considered eligible as the rest of the eligible costs necessary to carry out the action?

B) Yes.....
A) No.....
No answer.....



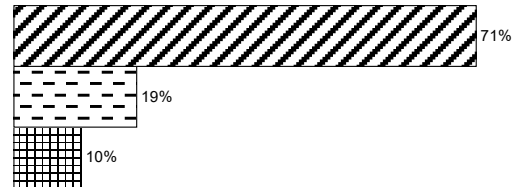
1.32. Comments

The majority of the contributions favoured the consideration of expenses in ancillary infrastructure as an eligible cost for the projects, with the following comments:

1. The infrastructure has to be necessary for the carriage of goods and open to everyone.
2. Studies demonstrate that the availability of quality transshipment infrastructure located along rivers and canals is key to successful waterway transport. Therefore, ancillary infrastructure is a condition sine qua non for new projects.
3. The eligibility of infrastructure costs is essential for countries where the infrastructure is not developed.
4. Investments in ancillary infrastructure can provide a valuable contribution to the achievement of the project's objective to shift traffic from road to alternative transport mode. It should therefore be a totally eligible cost.
5. Infrastructure costs shall be considered eligible, but with their written-off and finance costs not with their full erection/building costs.

1.32.1. Marco Polo funding for spending in ancillary infrastructure should be limited to a percentage of the grant?

B) Yes.....
 A) No.....
 No answer.....



1.33. Comments

The majority of the contributions agree to limit the contribution to infrastructure expenses to a proportion of the grant. The following relevant comments were posted:

1. The maximum allowed contribution for ancillary infrastructure expenses should be 25% of the grant.
2. 10%
3. 15 or 20%
4. At least 20% of the grant, in order to improve the incentive effect of Programme
5. The same limit as overhead expenses: 7%
6. Controls should be implemented to avoid that a same infrastructure is financed by several programmes without limits.
7. 5 to 10% maximum
8. The spending in ancillary infrastructure should not be limited to a percentage of the grant. The maximum threshold should be rather calculated with a percentage of the total infrastructure costs.
9. 25% maximum and not eligible for undertakings whose shareholders are outside the EU.

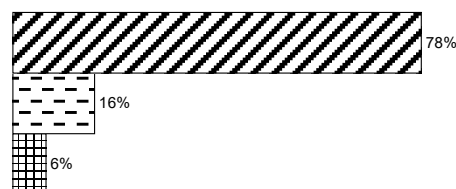
1.34. In order to foster applications the Commission will pay a lump sum for proposal preparation expenses when eligible and presented by Micro enterprises

1.34.1. There should be the possibility to get a lump sum as refund of the expenses incurred in the preparation of an application for funding?

B) Yes.....

A) No.....

No answer.....



1.35. Comments

Most of the contributions were in favour of a lump sum refund for eligible proposals submitted by Micro enterprises, with the main following comments posted:

1. Refunds should be capped.
2. Indicative conditions for funding should be given and the sum should be a percentage of the value of the project costs.
3. A starting lump sum could be 20.000-30.000 euros per proposal
4. The lump sum refund should be awarded only when applications are approved according to applicable criteria.
5. It is better to keep all Marco Polo resources for actually supporting successful projects, rather than putting scarce Marco Polo money into refunding application
6. The lump sum should only be obtained if the project is selected and the expenses incurred in the preparation of an application for funding should be demonstrated.
7. It should cover especially feasibility studies and the preparation of credible business plans which entail huge expenses for small companies.
8. The lump sum should be refunded only if the project is not accepted by the commission
9. The lump sum could be regressive and inversely proportional to the turnover of the company.
10. Costs related to applications drafting are very high, even for companies which are not Micro enterprises as defined by Commission Recommendation 2003/361/EC of 6 May 2003.
11. The proposed lump sum refund seems reasonable. It should be granted under the conditions that proposals achieve a minimum level of quality reached.
12. The measure should be complemented with simple application procedures.
13. Since micro enterprises have less resources available than bigger enterprises, it would be a strong incentive for smaller undertakings to apply for funding, which in turn will lead to a wider range of projects.

1.36. In order to simplify and shorten the procedures to award and manage the Marco Polo grants the Commission will propose a simplification of the award and management procedures

1.36.1. There should be a simplification of the award and management procedures for the Marco Polo projects in order to make them more user-friendly for industry and adapted to industry needs?

B).....

A).....

No answer.....



1.37. Comments

The big majority of the contributions favoured the simplification of the procedures to award and manage the Marco Polo grants. The following comments were posted:

1. It is needed to shorten the time span between the submission of the projects and the signature of the contracts.
2. Waiting for one year between proposing and signing a contract may lead to a total change of the business environment and render the proposed action unfeasible.
3. The delegation of competences to the EACI should be accompanied with control and audit measures.
4. Simplification is convenient but rigorous selection and management procedures should be kept.
5. Electronic submission of documents should be allowed as for other EU programmes.
6. The current complexity of the procedures is a barrier for SMEs
7. Member States should not lose control of the selection process.
8. Delegation to the EACI should bring simplification.
9. The main problem is the reduction of time between the evaluation of proposals and the signature of contracts. Too much time passes from the deadline for submission of applications to the date when a Commission decision is available in order to sign agreement. Often the situation of the market has changed completely by that time.
10. The second consultation to Member States should be avoided.
11. The time between the selection of the project and the signing of the grant agreement and of the first payment should be dramatically reduced, especially for SMEs.
12. Preliminary assessment of projects should take place so as to save time.
13. The complexity of the application and the procedures requires a huge investment in time and manpower, which causes applicants to give up before they start.
14. The procedures should rely more on the project officer and not on formalities. It is very difficult to foresee all the scenarios in advance, therefore flexibility should be kept in the hands of the project officer.
15. The complexity of the current procedures is one of the barriers to SME's to submit proposals.
16. Too much value is placed on the paperwork. This can be replaced by auditing

1.38.	Additional comments
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The following comments were posted in the last open question:

1. When evaluating proposals a high rating should be given for the use of intelligent transport systems.
2. The MP2 programme should include a provision to support local SPC's to support applications.
3. National-only projects should be allowed to get Marco Polo support.
4. The specific Action "Motorway of the Sea" should be eliminated. This action clearly gives an advantage to Short Sea Shipping compared to other more environmentally friendly alternative modes.
5. Certain definitions should be précised, like Motorways of the Sea and auxiliary infrastructure.
6. Further reflection is needed on how to facilitate the shift of abnormal indivisible loads and very voluminous goods, which do not meet the thresholds given their light weight.
7. The current results of the Programme include many incremental steps in a certain fields but very few breakthroughs.
8. It is very important to maintain the volumetric equivalent for freight, when including the tare weight in tkm calculations, in order to avoid penalisation of lighter freight transport dedicated services.
9. The Programme is improving with each call. However, but care should be taken that the administrative requirements are not extended every year.
10. The possibility to mix actions should be considered. For example, modal shift action often entails common learning. It is hard to divide several actions, as one project may bring multiple benefits.
11. A stronger emphasis must be put on the sustainability of aided projects. Experience has shown, that some projects ended soon after the financial aid has expired.
12. Flexibility is needed when admitting the final eligible costs of the action which can be very different from the ones in the initial budget submitted to the Commission.
13. The alternative to lowering the thresholds, would be to extend the contract periods
14. In the majority of the projects financial support is needed at the start so a regressive maximum Community intensity is proposed.
15. For undertakings presenting several applications, it is a burden to have to provide all official/administrative documents repeatedly. A web-based application system could "remember" the applicant's details.
16. A crucial element in improving Marco Polo is to increase awareness and business benefits to gain related to the existence of the programme, to make it more user-friendly
17. The application process is too complex for SMEs.
18. Flexibility in managing the projects start with allowing flexibility to the project officer to depart from the letter of the initial assumptions of the project.
19. Projects with serious start-up problems should be offered a longer duration to reach their tkm threshold

1.39.	Geographical distribution of contributions
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As a complement to the first graph of this report showing the contributors' involvement in the Programme, their geographical origin is the following:

Contributions came from 22 countries with the following distribution among them:

<u>COUNTRY</u>	<u>CONTRIBUTIONS</u>
AUSTRIA	11
BELGIUM	12
CZECH REPUBLIC	2
DENMARK	4
FINLAND	1
FRANCE	13
GERMANY	8
HUNGARY	1
IRELAND	1
ITALY	7
LATVIA	1
THE NETHERLANDS	9
NORWAY	1
POLAND	2
PORTUGAL	3
ROMANIA	8
SERVIA	1
SLOVAKIA	1
SPAIN	2
SWEDEN	2
SWITZERLAND	1
UK	6

1.40.	Participation of organisations representing small business
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The following associations, specifically representing micro and small enterprises, contributed to the consultation:

European Barge Union (EU)

Inland Navigation Europe (EU)

Promotie Binnenvaart Vlaanderen (BE)

Romanian Association of Inland shipowners and port operators (RO)

Fédération Nationale de Transports Routiers (FR)

Annex II: Summary description of the second Marco Polo programme. Reg. 1692(2006)

The objective of the second Marco Polo programme is set in its legal basis, where it is stated that the Programme aims to compensate substantially the estimated growth in international road freight for the period 2007 to 2013 of 20.5²¹ billion tonne-kilometres per year in Europe. The available budget for this Programme is €450 million for the period 2007/2013.

The Programme was preceded by the first Marco Polo, for the period 2003/2006, with an available budget of €102 million and a general objective of a yearly modal shift of 12 bn tkm.

The main differences between the two Programmes relate to the budget, the scope (to take account of enlargement) and the general and specific objectives (the first Marco Polo did not include Motorways of the Sea nor Traffic avoidance projects).

The goals of the Programme should be achieved by giving support to sustainable initiatives stemming from the transport industry with the aim to avoid or shift freight transport off the roads. The Programme is implemented through yearly calls for proposals which offer support to five kinds of initiatives: modal shift, catalyst, common learning, Motorways of the sea and traffic avoidance projects. The Programme's support is limited to 35% of the eligible costs of the projects, 50% for common learning actions.

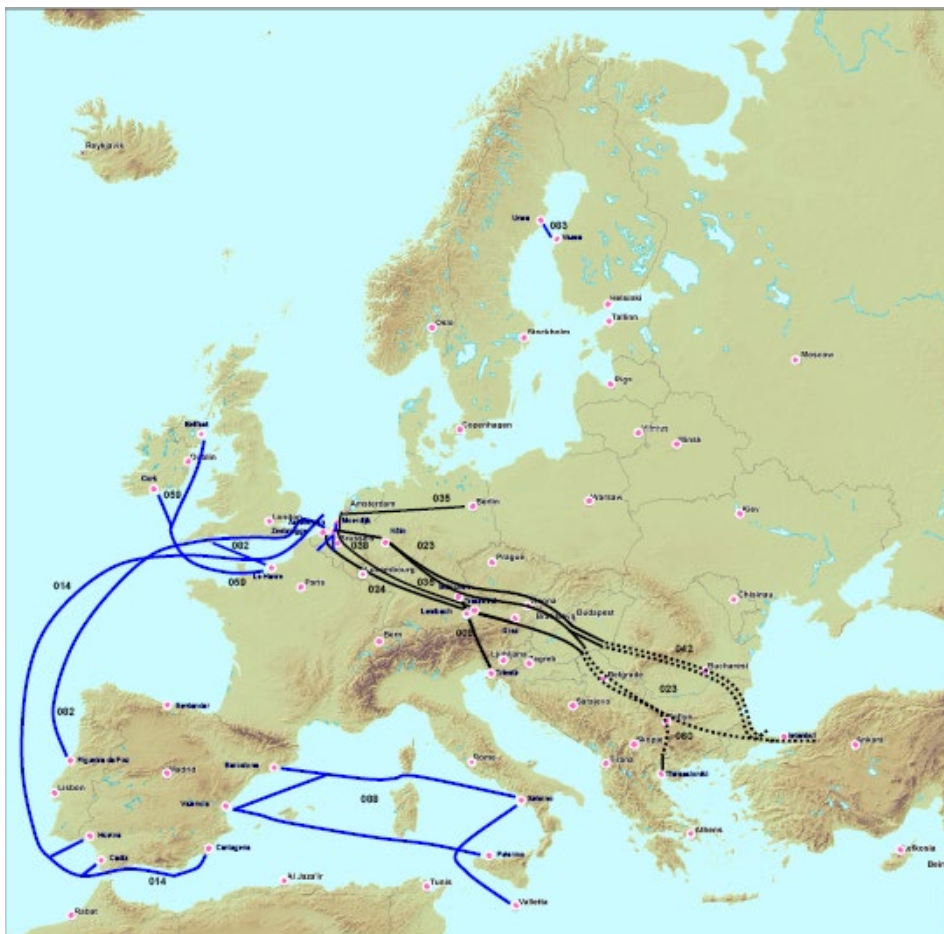
- **Modal shift projects:** Meaning any action directly, measurably, substantially and immediately shifting freight from road to short sea shipping, rail, inland waterways or a combination of modes of transport in which road journeys are as short as possible, without being a catalyst action; this includes, where appropriate, actions where modal shift is brought about by the development of an existing service. This action represents 80% of the support given by the first Marco Polo programme. The first call of the second Marco Polo programme shows a 62% of requested support, whereas the second call shows a request for funding for 66% of the total subvention request for this kind of action.
- **Catalyst projects:** Meaning any innovative action aimed at overcoming significant structural barriers in the Community freight transport market which impede the efficient functioning of the markets, the competitiveness of short sea shipping, rail, or inland waterway transport, and/or the efficiency of transport chains making use of these modes, including the modification or creation of ancillary infrastructure; for the purpose of this definition, such structural barriers shall mean any non-regulatory, factual and non-temporary impediment to the proper functioning of the freight transport chain. This action represents 16% of the support given by the first Marco Polo programme. The two calls of the second Marco Polo programme show the same weight for this kind of action.
- **Common learning actions:** Meaning any action aimed at improving cooperation for structurally optimising working methods and procedures in the freight transport chain, taking into account the requirements of logistics. This action represents 4% of the support given by the first Marco Polo programme. The second call of the second Marco Polo programme shows a similar weight in terms of subvention requested, but for the first one this action represented an 8% of the total requested support.

²¹ PRIMES model, included in the Commission report "European Energy and Transport trends to 2030"

- **Motorways of the Sea projects:** Meaning any innovative action directly shifting freight from road to short sea shipping or a combination of short sea shipping with other modes of transport in which road journeys are as short as possible. Actions of this kind may include the modification or creation of the ancillary infrastructure required in order to implement a very large-volume, high-frequency intermodal maritime transport service, including, preferably, the use of the most environmentally-friendly transport modes, such as inland waterways and rail, for hinterland freight transport and integrated door-to-door services. This kind of action was introduced by the second Marco Polo programme and is showing a level of subvention requested of 8% in the first call and 14% in the second.
- **Traffic avoidance projects:** Meaning any innovative action integrating transport into production logistics to avoid a large percentage of freight transport by road without adversely affecting production output or workforce. Actions of this kind may include the modification or creation of ancillary infrastructure and equipment. This kind of action was introduced by the second Marco Polo programme and is showing a level of subvention requested of 6% in the first call and no subvention request in the second.

The regional distribution of the projects depends exclusively on the transport market situation and has been the following:

CALL 2003:



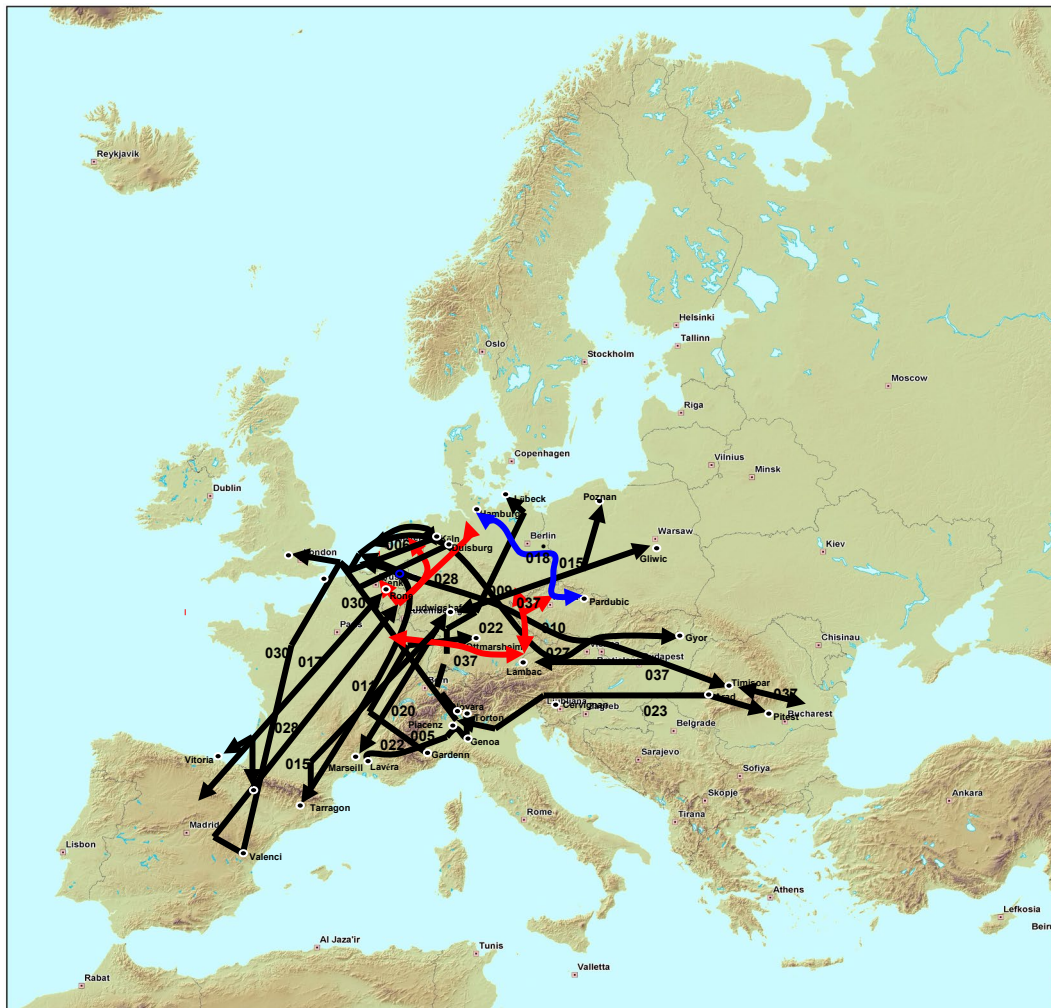
CALL 2004:



CALL 2005:



CALL 2006:



Annex V: Assessment of cost and benefits of doubling the funding intensity

The latest estimations available²² show that the external effects of road transport are calculated in €12 for every 500 tkm, whereas this value is €2 for shipping, €3.35 for railways and €4.95 for inland waterways. Therefore the benefits that society gets from each 500 tkm shifted from road to sea are €10, from road to rail €8.65 and from road to inland waterways €7.05. In all cases it is much bigger than the proposed €2 per 500 tkm.

Taking into account the modal split in the modal shift proposed by the projects supported in the past by the first Marco Polo programme (41% short sea shipping, 3% Inland waterways, 56% rail) the weighted average of the external effects saved by tkm shifted has been €9.15 in the first Marco Polo programme. These external benefits of the first Marco Polo programme compare to the assessment of the Ex ante Evaluation of Marco Polo II (2001-2013) by Ecorys, June, 2004, where the average external benefits per Euro of subvention were estimated in €15 for Marco Polo I and €6.07 for Marco Polo II.

In the assessment of the costs and benefits resulting from the doubling of the maximum funding intensity it is necessary to consider the inherent extra cost derived from the projects which would be presented even if the funding intensity would not be raised.

The provisional results of the Marco Polo call 2008 can give an idea of the results of the forthcoming call if the funding intensity was left unchanged. For 2008 the projects selected are proposing a total modal shift of 15.6 billion tkm. Since the €2 per 500 tkm is a maximum value, the selection of projects for 2009 would have to adapt this value to the total tkm of modal shift or traffic avoidance proposed by the projects presented so as to maximise the amount of tkm with the available budget.

The maximum aim of the call would be to select projects proposing a total modal shift of 25 billion tkm, entailing a 60% increase over 2008, so as to finally achieve a substantial part of 20 billion tkm, which is the goal set in the Regulation. Given the available budget for projects of around €60 million, this would allow a maximum funding intensity of €1.2 per 500 tkm. On the other hand, the minimum result expected with the doubling of the funding intensity is to obtain new projects representing 20% of the subvention requested in 2008. This would entail a proposed total modal shift of 19 billion tkm, which given the €60 million budget would allow a maximum funding intensity of €1.6 per 500 tkm.

Taking the above calculations into account a comparative analysis can be done of the two possible scenarios, showing that in case of a 60% increase in the requested subvention, the net positive results of raising the funding intensity would amount to €166 million. In case that the subvention requested would raise only in 20%, then the net positive results of raising the funding intensity would amount to €44 million. This means that raising the funding intensity would be always reasonable in normal circumstances, where the increase in the funding requested would increase between 20% and 60%. This is shown in the following table.

²² JRC-IPTS Seville using the TREMOVE model for 2010 on the basis of Handbook for internalisation of external costs data and methodology (2008).

Comparative table of monetary effects of doubling of funding intensity

	Actual results of selection 2008 max €1 /500tkm	Forecasted results of selection 2009 max €1 /500tkm	Forecasted maximum results of selection 2009 max €2 /500tkm 60% increase	Forecasted minimum results of selection 2009 max €2 /500tkm 20% increase	Incremental results Max. Min.	
Proposed total modal shift (A)	15.6 bn tkm	15.6 bn tkm	25 bn Tkm	19 bn tkm	9.4 bn tkm	3.4 bn tkm
Budget available (B)	€56 million	€60 million	€60 million	€60 million	€60 million	€60 million
Maximum possible funding intensity (A)/(B)=(C)	€1/500 tkm	€1/500 tkm	€1.2/500 tkm	€1.6/500 tkm	€0.2/500 tkm	€0.6/500 tkm
External costs saved (A)*€9.15/500 tkm			€285 million	€457 million	€348 million	€172 million €63 million
Incremental costs for old projects 15.6 bn* (C)						€6 million €19 million
Results of the increase in funding intensity						€166 million €44 million

Annex IV:

Note de background de la DGTREN sur les répercussions de la volatilité des prix du pétrole sur le secteur des transports et par mode de transport

Données de base sur la consommation de pétrole par le transport

Le pétrole est presque la seule source d'énergie du système des transports, car il représente 97% de sa consommation d'énergie. Dans le même temps, le système des transports est aussi le plus grand consommateur de pétrole de l'Union (voire tableau 1) car sa consommation représente 72% de toute la consommation de pétrole comme combustible et 53% de toutes les utilisations du pétrole confondues (parmi lesquelles des utilisations industrielles dont le transport est aussi le destinataire final). Le secteur routier utilise 60% de tout le pétrole et l'aviation 10%.

Le problème de la hausse du prix du pétrole est donc en grande partie le problème du transport, chaque secteur – pétrole et transport – étant le plus grand acheteur ou fournisseur de l'autre.

TABLEAU 1

Consommation de pétrole par le secteur du transport	Participation à la consommation brute de pétrole (%), 2006 (*)	Participation à la demande énergétique finale (%), 2006
Transport	53,17	72,10
Chemin de fer	0,44	0,60
Route	44,15	59,87
Aérien	7,70	10,44
Navigation intérieure	0,88	1,19

(*) Y compris pour utilisations du pétrole autres que comme combustible (plastiques, asphalte)

TABLEAU 2

Consommation de pétrole par le secteur du transport	Participation par mode (%), 2006	Taux de croissance annuelle (%), 2000-2006
Transport	100,00	1,25
Chemin de fer	0,83	-2,70
Route	83,04	1,14
Aérien	14,48	2,19
Navigation intérieure	1,66	1,15

C'est dans le transport aérien que la consommation de pétrole augmente le plus, tandis qu'elle diminue dans le secteur ferroviaire, conséquence de l'électrification des lignes.

TABLEAU 3

Produits du pétrole	Participation dans le total, 2006 (%)	Taux de croissance annuelle (%), 2000-2006
LPG	1,32	5,20
Essence	30,77	-3,48
Diesel	53,11	4,74
Kérosènes – Jet Fuels	14,44	2,64
Gazole résiduel	0,35	9,76
Total	100,00	1,51

Source: Eurostat

La consommation de diesel est celle qui s'accroît le plus résultant de la "diésélisation" du parc automobile qui du même coup fait diminuer la consommation d'essence. On estime que 38% de cette consommation de diesel est attribuable aux véhicules de passagers tandis que ceux de marchandises gardent toujours 62%.

La hausse de prix

Vu la dépendance des transports du pétrole une augmentation des prix de la taille de celle enregistrée cette dernière année constitue un motif grave de préoccupation. Pour rappel, le prix du baril de Brent en dollars est passé de 71 à 130 dollars (May 2007- May 2008) ce qui représente une augmentation de 84%. Pour certains types de carburant, comme celui de l'aviation, l'augmentation a été encore plus poussée avec le coût passant de 86 à 180 dollars ou 108%.

TABLEAU 4

7.Full Date(Dated	Dated Brent \$/bbl	Dated Brent €/bbl	Jet FOB Rdam Barges \$/bbl	Jet FOB Rdam Barges €/bbl
5/25/2007	70.6	52.5	86.3	64.2
5/23/2008	129.9	82.5	179.3	113.9

Grâce à l'appréciation de l'euro et des autres monnaies européennes le prix du baril Brent en euro, l'augmentation a été de 57%, de 52.5 à 82.5 euros tandis que le carburant du transport aérien, sur la même période, la hausse a été de 77% (64 à 114 euros).

Les prix du pétrole élevés placent une forte pression sur l'économie de l'UE particulièrement si le prix du gaz continue à être lié au prix du pétrole. La réaction de la demande énergétique de transport aux prix du pétrole élevés est néanmoins limitée.

Cela peut être illustré par la simulation par le modèle PRIMES d'une augmentation du prix du pétrole de 61 \$ (2005)/baril à 100 \$/baril en 2020, c'est-à-dire de 64%. Dans ce scénario de prix du pétrole élevé, les coûts totaux de l'énergie dans l'UE augmentent de € 275 milliards (2005) qui correspond à 1,8% du PIB. Cet argent va principalement aux exportateurs de pétrole et n'est qu'en partie recyclé dans l'économie de l'UE qu'à travers de plus grandes exportations de biens de capital et d'autres marchandises vers les pays producteurs d'énergie.

Malgré une augmentation des prix à l'importation de pétrole de presque les deux tiers il n'y a dans cette modélisation qu'une réaction limitée de demande de pétrole, qui diminue de 7,6% (la diminution de la consommation d'énergie totale est de 3,3%). Cela est en grande partie dû aux niveaux élevés des accises, renforcées par la TVA, ce qui signifie que les prix à la consommation de l'essence et du diesel augmenteraient de "seulement" 26% et de 29% respectivement. L'augmentation des prix pour le diesel est légèrement plus élevée parce que le diesel a un plus faible taux d'accise. La demande d'essence et diesel serait 3,6% et 6,5% plus faibles, si les prix à l'importation de pétrole sont 100 \$/baril au lieu de 61 \$ le baril.

L'enjeu pour la compétitivité et la durabilité

Dans le contexte où la forte croissance de la demande de pétrole, surtout de la part de la Chine, a amené la production pétrolière aux limites de ses capacités, tout risque de perturbation de l'offre de pétrole dans un des pays producteurs se traduit directement par des activités spéculatives et des prix qui flambent. Ceci a significativement augmenté la prime de risque incorporée dans le prix du pétrole.

Cette situation menace la politique des transports européenne dont l'un des objectifs est de maintenir la compétitivité du système des transports. Cependant l'effet sur la durabilité, l'autre grand objectif, pourrait même être positif.

Compétitivité et durabilité peuvent se décliner comme le besoin de réduire les coûts internes et externes du transport.

Il y a un coût externe, le changement climatique, qui est associé à un coût interne, le coût du carburant pour les entreprises. Pour réduire ces deux coûts nous avons intérêt à augmenter l'efficacité énergétique des transports.

Cette efficacité s'est déjà améliorée dans les derniers dix ans au sein de chaque mode sans exception (voir tableaux 5 et 6). Cependant elle change fortement d'un mode à l'autre.

TABLEAU 5

Efficacité des modes de transport de passagers (tonnes équivalent pétrole/millions passagers km)

	Voitures	Transport public	Chemin de fer	Aviation
1995	39.9	9.1	5.6	104.4
2005	36.4	8.2	5.4	98.3
Efficacité relative (rapport autres/rail en 2005)	6.7	1.5	1	18.2

Source: European Energy and Transport Trends to 2030. 2007 baseline update.

TABLEAU 6

Efficacité des modes de transport de marchandises (tonnes équivalent pétrole/millions ton km)

	Camions	Chemin de fer	Navigation intérieure
1995	67.1	18.5	15.9
2005	65.3	18.2	11.4
Efficacité relative (rapport autres/rail en 2005)	3.6	1	0.6

Source: European Energy and Transport Trends to 2030. 2007 baseline update.

Pour le transport du fret, les prix pétroliers élevés favoriseraient l'utilisation de véhicules plus efficaces en termes de consommation d'énergie. Ils favoriseraient aussi un transfert modal limité en faveur des modes de transport qui consomment moins d'énergie comme les chemins de fer ou le transport par voie d'eau au détriment du transport routier. De cette façon ils pourraient contribuer à stabiliser la part de marché du chemin de fer dont le déclin semble finalement enrayé suite aux restructurations et à l'ouverture des marchés.

L'impact des prix pétroliers élevés sur les modes de transport varie en fonction de leurs spécificités

Les différents modes de transport ont des élasticités différentes vis-à-vis des coûts. Par exemple, les élasticités-coûts sont assez faibles pour le transport routier où l'efficacité élevée limite les possibilités de substitution. Et les élasticités-coûts sont encore plus faibles pour le transport de passagers à court-terme, car les individus changent plus lentement leurs habitudes.

L'importance du carburant dans le coût total du transport varie à travers les modes, en plus les différents niveaux de taxation des carburants induisent des variations contrastées des carburants. Par exemple, des accises élevées sur l'essence réduisent la variation en pourcentage du prix de l'essence. Pour l'aviation et la navigation où il n'y a pas d'accises, les prix du pétrole se répercutent à 100% (tableau 7).

TABLEAU 7

Répercussion estimée d'une hausse du prix du pétrole sur les coûts du transport dans les différents modes

	Sensibilité du coût final du carburant au coût du pétrole	Part des coûts de l'énergie sur le coût total des transports	Effets d'un doublement (100%) des prix du pétrole sur le coût des transports
Marchandises			
Route	50%(40%*)	20%-30%	10%-15%
Rail diesel	50% (40%)	15%-25%	8%-12%
Rail électrique	20% (15%)	15%	3%
Navigation intérieure	100%	10%-25%	10%-25%
Navigation maritime à courte distance	100%	15%-30%	15%-30%
Aviation	100%	15%-30%	15%-30%
Voyageurs			

Voiture	50% (40%)	25%	12%
Bus	50% (40%)	5%	3%
Rail électrique	20% (15%)	5%-10%	1%-2%
Aviation	100%	15%-30%	15%-30%

Source: Analysis of the impact of oil prices on the socio-economic situation in the transport sector. ECORYS Nederland BV for DG TREN. April 2006

Les valeurs entre parenthèse sont celles de l'étude initiale pour 2006, avec l'augmentation des prix du pétrole, la part relative au coût du pétrole dans le coût final du carburant a augmenté du moins de dix pour cent. La part des coûts de l'énergie dans le coût total des transports devrait aussi avoir augmenté vers la partie plus haute de la fourchette, mais dans ce cas les coûts salariaux et de financement (intérêts, leasings) pourraient aussi avoir augmenté.

L'impact sur les coûts du transport doit être relativisé par l'importance de ceux-ci sur l'économie. La part du transport dans le coût de l'industrie varie selon les secteurs. De façon générale, le transport représente 1 à 9% de la valeur du produit. Par exemple entre 5-10% pour l'alimentation, entre 1-3% pour le secteur textile et 4% pour l'industrie automobile.

Les coûts du transport constituent un instrument d'adaptation car les firmes doivent souvent s'ajuster rapidement aux changements de situations concurrentielles. L'incidence du coût du transport sur les secteurs industriels dépend avant tout des prix des produits de base car ceux-ci sont importés, mais aussi des coûts de production et de distribution. Les tendances récentes à la fragmentation de la chaîne de valeur relativisent la place du transport dans les décisions stratégiques des firmes

Mesures en cours ou possibles

Rééquilibrage modal – Plusieurs instruments législatifs le favorisent : les réseaux transeuropéens, la recherche, ou Marco Polo, ont accordé la priorité aux modes de transport plus économes en énergie.

Tarification – Exemple : la proposition internalisation réduira la congestion qui, particulièrement pour les camions, est très coûteuse en termes de consommation de carburant ;

Réglementation – Initiative pour fixer les limites d'émission des nouvelles voitures.

Logistique – Plan d'action sur la logistique qui aidera à augmenter l'efficacité des véhicules et des flottes

Transport Urbain – La Commission proposera un plan d'action pour le transport urbain, qui permettra de promouvoir des alternatives à la voiture privée dans le transport urbain.

Réduction des vitesses de fonctionnement – il n'y a qu'actuellement des restrictions de vitesse de l'UE pour les camions et les autobus. Ceux-ci pourraient être élargis à d'autres

modes (la base juridique permettant) ou être rendus plus sévères pour les camions et les autobus. Il-y-a également des plans pour la réduction des vitesses de fonctionnement adoptées unilatéralement par les sociétés – les exemples des médias belges incluent des compagnies aériennes de Bruxelles et le STIB – menant à une économie d'énergie significative ;

Rénovation parc des véhicules – Exemple : propositions de la Commission sur les marchés publics pour l'achat des véhicules plus propres

Type de combustible – dans les ports, par exemple, la Commission cherche à promouvoir le branchement à l'électricité du port ;

Itinéraires – le ciel unique européen devrait diminuer l'utilisation de combustible (et de là des émissions) par de plus courts itinéraires. Les applications de Galileo devraient rationaliser les parcours ;

Contrôle technique – Vérification des limiteurs de vitesse pour les camions et les autobus.

Pneus – la Commission a récemment proposé la "règle de sécurité de véhicule" qui a compris une composante sur les systèmes de résistance à roulement et de pneu de contrôle de pression.

ERTMS - Le système de trafic ferroviaire (ERTMS) permet conducteur de train de voir les trois prochains signaux. Dans certaines versions il peut recommander une vitesse optimale au conducteur. Par conséquent, sa plus large utilisation peut réduire la consommation d'énergie, puisque les accélérations inutiles peuvent être évitées.

Réseau prioritaire de fret - augmentera également l'efficacité énergétique, parce qu'on peut attendre moins d'arrêts des trains de fret.

Spécifications techniques pour l'interopérabilité ferroviaire - celles sur les applications télématiques peuvent augmenter les taux d'occupation de chargement pour les marchandises et d'occupation pour les passagers et ainsi augmenter l'efficacité énergétique du transport ferroviaire.

Biocarburants – L'Union s'est donné l'objectif d'incorporer 10% de **biocarburants** dans l'essence et le gasoil d'ici 2020. Mais il faut se doter des moyens d'y parvenir.

Plan stratégique européen sur les technologies énergétiques- mise en œuvre du plan avec la création d'**Initiatives Industrielles Européennes** avec les industries pour développer des nouveaux systèmes de propulsion verte, notamment dans le domaine des biocarburants, de l'hydrogène, des systèmes informatiques embarqués et de l'aviation "Clean Skies".