

# Revision of the Combined Transport Directive

This briefing is one in a series of implementation appraisals produced by the European Parliamentary Research Service (EPRS) on the operation of existing EU legislation in practice. Each briefing focuses on a specific EU law that is likely to be amended or reviewed, as envisaged in the European Commission's annual work programme. Implementation appraisals aim at providing a succinct overview of publicly available material on the implementation, application and effectiveness to date of specific EU law, drawing on input from EU institutions and bodies, as well as external organisations. They are provided by the Ex-Post Evaluation Unit of the EPRS to assist parliamentary committees in their consideration of new European Commission proposals, once tabled.

#### SUMMARY

<u>Council Directive 92/106/EEC</u> (the 'Combined Transport Directive') is one of the key EU legal instruments aimed at promoting the shift of freight from road to lower-emission transport modes. It supports the uptake of transport operations that combine road – on one or both ends of a journey – with rail or waterways, by providing advantages such as exemptions from restrictions (on weights and dimensions of vehicles or circulation) and tax reductions.

The directive contributed to the development of the combined transport market in the EU. However, the uneven playing field for intermodal freight transport compared to road transport persists. As highlighted in the 2016 European Commission <u>evaluation</u> and the 2023 European Court of Auditors' <u>special report</u>, there is a significant margin to improve the directive's effectiveness. Some of its provisions are outdated, its scope is limited and its language is sometimes obsolete and ambiguous. In addition, the significant variation in Member States' transposition of the directive's provisions leads to uncertainty for combined transport operators.

On 7 November 2023, the Commission published a <u>proposal</u> to amend Council Directive 92/106/EEC. This is the third attempt to revise the directive. During the last attempt, the Council <u>tried</u> to limit road cabotage advantages (and linked abuses) afforded to combined transport operators. This was in opposition to the Commission's 2017 <u>proposal</u> and to the Parliament's <u>first reading</u> stance. The Commission withdrew that proposal in 2020.

# Background

The 2021 <u>European Climate Law</u>, adopted as part of the <u>Green Deal</u>, set a binding target to cut greenhouse gas (GHG) emissions by at least 55 % by 2030<sup>1</sup> and to achieve <u>climate neutrality</u> by 2050. **Reducing transport emissions** is a key measure to achieve this target since transport generates a <u>quarter of all GHG emissions in the EU</u>, of which road transportation accounts for more than 70 %. Within road transportation, heavy-duty vehicles used for freight and passenger transport account for 27 %.<sup>2</sup> To this end, the Commission defined a roadmap to achieve a 90 % reduction in GHG emissions in transport by 2050 in its 2020 <u>sustainable and smart mobility strategy</u>.



#### EPRS | European Parliamentary Research Service

Authors: Talander Jansen with Jonathan Blanckaert Ex-Post Evaluation Unit PE 747.446 – December 2023 As rail and waterborne transport are more GHG-efficient than road transport, for both passengers and freight, a modal shift away from road transport has the potential to make freight transport more climate friendly. The European Commission's 2011 white paper 'Roadmap to a Single European Transport Area' set quantitative targets to shift road freight to alternative modes such as rail or waterborne transport. However, the progress in this regard has been limited.

By way of illustration, road transport accounted for 77 % of the EU's inland freight transport in 2021. In the same year, rail and inland waterways accounted for 17 % and 6 % of inland freight transport respectively.<sup>3</sup> From 2012 to 2021, the share of rail and inland waterway in inland freight transport stagnated at an average of 18.25 % and 6.55 % respectively. However, there was a modest increase in the volume of rail freight transport in tonne-kilometres (tkm) over this period. Conversely, the volume of inland waterway freight transport in tkm decreased between 2012 and 2021.

In this context, the Commission's 2020 sustainable and smart mobility strategy proposes various actions to promote the use of sustainable transport modes. According to the targets outlined in the communication, the volume of rail freight traffic should double, and the volume of inland waterway and short-sea shipping freight traffic should increase by 50 % by 2050.4 To support the greening of cargo operations in Europe, the communication underlines that the existing

#### Definitions

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

Intermodal transport: the movement of goods (in the same loading unit or a vehicle) by successive modes of transport without handling of the goods themselves when changing modes. The vehicle can be a road or rail vehicle or a vessel. It is therefore a type of multimodal transport.

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

**Cabotage:** the provision of freight or passenger transport operations between two points in one country carried out by hauliers registered in another country.

Source: European Commission

framework for intermodal transport needs a substantial overhaul.

The European Commission's 2023 'Greening Freight Transport' communication similarly acknowledges that improved intermodal transport can increase the operational and energy efficiency of freight transport. It describes measures included in the Greening Freight Package, including the revision of Council Directive 92/106/EEC (the 'Combined Transport Directive'). According to a comparative study on carbon-dioxide emissions in the transport sector, combined transport has the potential for emissions savings of between 63 % and 90 %, compared to roadonly transport, while providing 'door-to-door' services of a similar quality to road-only transport. This type of transport can also lead to reduced road congestion. To attain such benefits from combined transport, rail infrastructure and transhipment hubs require increased capacity to support demand.

# **Current** legislation

Council Directive 92/106/EEC (the 'Combined Transport Directive') of 1992 is one of the essential EU legal instruments to promote the shift from road freight to lower-emission transport modes.<sup>5</sup> It supports operators that meet the criteria of combined transport by:

- > safeguarding them from certain national restrictions (authorisation schemes, tariffs and quotas);
- ≻ exempting them from certain road cabotage restrictions;
- > allowing them heavier and bigger loads for vehicles on the road; and
- granting them financial support through tax incentives.

The aim of the directive is to reduce transport emissions and address increasing problems related to other negative externalities, such as road accidents and congestion.

# Key provisions

The directive defines **combined transport** in Article 1 as the **transport of goods** between Member States where road transport is used on the initial or final leg of the journey, and rail, inland waterway or maritime services are used on the other leg. The latter **'non-road' transport leg has to exceed 100 km**. This is due to the notion that freight transport should only benefit from the directive's specifically targeted incentives when the ratio between the non-road and the road leg is reasonable. In addition, the initial or final road leg of haulage must be between the point where the goods are loaded/unloaded and the nearest suitable rail loading station for the initial/final leg, or; within a radius not exceeding 150 km from the inland waterway port or seaport of loading/unloading. These limitations aim to ensure the shortness of the road leg and thereby encourage a modal shift away from road transport.

Article 4 of the directive allows all hauliers established in a Member State, who meet access conditions to the occupation and market, to carry out the initial and/or final road haulage legs that are part of a combined transport operation. These legs may or may not include crossing a national border. This provision therefore organises **exemptions from cabotage restrictions in international combined transport**, allowing lorry operators concerned better access to national transport markets in third countries.

In addition, the directive establishes an obligation for Member States to take the necessary measures to **reduce or reimburse the taxes** applicable to road vehicles when routed in combined transport, by a standard amount or proportionally. As outlined in Article 6, these tax cuts have to be granted by the Member States in which the vehicles are registered.<sup>6</sup>

In the case of combined transport, **transport documents** have to fulfil a set of minimum requirements defined in <u>Council Regulation No 11</u> concerning the abolition of discrimination in transport rates and conditions (Article 6 of the regulation).<sup>7</sup> In addition to these general provisions, transport documents also have to specify the rail loading and unloading stations, the inland waterway loading and unloading ports, or the maritime loading and unloading ports. These provisions, listed under Article 3 of the Combined Transport Directive, have to be recorded before the transport operation begins and confirmed by means of a stamp by the relevant authorities.

# Reporting clause

Article 5 of the Combined Transport Directive stipulates a **reporting clause**. Based on the data provided by Member States, the Commission is obliged to submit an implementation report to the Council at two-year intervals. Presently, however, there are only two such reports submitted by the Commission to the Council. These are the 1997 <u>Report from the Commission to the Council on the application during the years 1993 to 1995</u> and the 2002 <u>Report from the Commission on the application during the years 1996 to 1999</u> of Council Directive 92/106/EEC. As stated in the 2015 study that supported the Commission's 2016 REFIT ex-post evaluation of the directive, 'the reporting provisions have not been effective' and the Commission 'has not complied with the requirement to deliver a report on a bi-annual basis' (pp. 273-274). As the above-mentioned reports cover the years between 1993 and 1999 and do not reflect the current situation, they are not discussed in further detail in this appraisal.

# Proposal for revision

The Commission first issued a legislative <u>proposal</u> to revise the directive in 1998. Since no agreement could be reached during the interinstitutional negotiations, the Commission withdrew the proposal in 2001. After a 2016 REFIT evaluation, the Commission proposed a second <u>proposal</u> to amend the directive in 2017. In early 2019, trilogue meetings froze on the issue of the cabotage exemption in international combined transport. The Commission withdrew the proposal in 2020.

The latest Commission <u>proposal</u> to amend Council Directive 92/106/EEC was published on 7 November 2023. The proposal updates the current directive as part of the <u>Greening Freight</u> <u>Package</u>, the bulk of which was adopted in July 2023. The initiative aims to:

- re-establish the conditions for support and proof of compliance. Changes to the conditions under which intermodal operations fall within the scope of the directive, such as geographical scope, loading units and external cost savings, aim to cover a larger share of intermodal transport, eliminate ambiguities and establish a clear basis for compliance decisions.
- strengthen the support framework for intermodal transport. The proposal introduces a new exemption from weekend, night and holiday driving bans applying to heavy goods vehicles only. It also presents obligations for Member States to analyse their existing measures and extend or establish new national policy frameworks to support the uptake of intermodal transport. The proposal further introduces a target to reduce costs for combined transport (overall 10 % reduction) in each Member State, to: i) facilitate technological upgrades relevant to intermodal transport, and ii) establish new connections between terminals.
- improve market transparency. The reporting clauses for the Commission would remain in place, but with updated data and reporting periods, as well as Member State transparency obligations. Under the initiative, links to all national policy frameworks and measures would be published in a central gateway managed by the Commission.
- introduce common transparency requirements for terminals ensuring that all terminals make data publicly available on terminal facilities and services, complementary to the proposed revision of the TEN-T Regulation.

# European Commission evaluations and consultations

#### REFIT ex-post evaluation (2016)

In 2016, the Commission presented a REFIT ex-post <u>evaluation</u> assessing to what extent the Combined Transport Directive: i) achieved its objectives of modal shift; and ii) contributed to a reduction in road transport's negative externalities. The latest <u>proposal</u> to amend Council Directive 92/106/EEC, published on 7 November 2023, refers to this evaluation and its results. The <u>impact assessment</u> (IA) in support of the new proposal also refers to this evaluation.

The quantitative analysis of the evaluation is largely based on a 2015 fact-finding study by external consultants: '<u>Analysis of the EU Combined Transport</u>'. The evaluation also used other published sources at EU and Member State level, as well as questionnaires and interviews. The main sources for qualitative data are a public online consultation carried out by the Commission between 23 May and 15 August 2014 (113 replies) and a workshop held on 27 June 2014 for key stakeholders in combined transport (38 participants).

# Overall, the evaluation finds that the Combined Transport Directive contributed to the development of the combined transport market in the EU. However, there is a significant margin to improve the effectiveness of the directive since some of its provisions are outdated, its scope is limited and its language is sometimes obsolete and ambiguous.

The evaluation is organised according to the Better Regulation<sup>8</sup> criteria: relevance, effectiveness, efficiency, EU value added and coherence. The evaluation considers the period between 1992 and 2016.

#### Relevance

According to the evaluation, the directive remains relevant. The general objectives of EU transport policy still aim to promote a modal shift from road transport to alternatives, to minimise negative externalities.

The evaluation notes that **limiting the maximum length of the road transport leg** remains relevant to promote the shift of long-distance road transport to alternative modes (Article 1). However, the current **minimum limitation for non-road legs**, while necessary in principle, does not guarantee a good road-to-non-road ratio (Article 1). Its relevance is therefore questionable. The evaluation further concludes that the majority of measures intended to promote combined transport, such as the cabotage exemption, remain relevant.

#### Effectiveness

The evaluation concludes that the directive continues in principle to be an effective tool to promote the modal shift away from road transport. However, the **margin for improvement in this regard is significant**.

The somewhat ambiguous wording of the definition of combined transport has not been entirely effective (Article 1). Its diverging transposition, combined with a lack of enforcement, has led to differences in implementation across Member States. This creates legal uncertainty in the combined transport market, reducing industry ability to benefit from the directive. **Stakeholders claim that parts of the definition (load units, distance limits, requirements for information in transport documents) are outdated or too narrow and therefore hinder effectiveness.** Concerning transport documents, the requirements on information in Article 3 do not guarantee an effective control of eligibility and are causing issues for both industry and implementing authorities.

**Stakeholders consider the right of non-resident hauliers to carry out combined transport road legs the most effective tool in the directive** (Article 4). However, problems with its implementation, combined with issues related to the interpretation of the definition and controlling eligibility persist. Most complaints and infringement proceedings relate to this article.

The evaluation further notes that the **fiscal measures are not very effective** due to ineffective methodology, meaning that the support does not necessarily lead to a price reduction for users.

#### Efficiency

The Combined Transport Directive has created benefits for society by shifting long-distance freight transport off the roads and thereby reducing the negative externalities of road transport. The monetary value of these benefits amounts to **€2.1 billion annually**, calculated using the external costs of heavy-goods vehicles (accidents, noise, congestion, air pollution and climate change). The analysis further shows that combined transport operations have quadrupled during the prevailing two decades. A large majority of participants in the stakeholder consultation agreed that combined transport operations would not be economically viable without the support of the directive.

The stamping obligation for transport documents is difficult to implement and may cause unexpected costs. In addition, the **directive's current provisions do not envisage the use of electronic transport documents, inhibiting industry benefit from cheaper and faster digital information-exchange mechanisms**.

#### EU value added

The evaluation concludes that the directive continues to add value at EU level since it improves the functioning of the internal market and the competitiveness of the combined transport industry. However, as noted above, inconsistent transposition and implementation, lack of enforcement and other shortcomings reduce the value of the directive.

#### Coherence

In its evaluation, the European Commission considers the coherence of the Combined Transport Directive with <u>Council Directive 96/53/EC</u> ('**Weights and Dimensions Directive**'), <u>amended</u> in 2015. The Weights and Dimensions Directive permits the use of larger containers (45 feet) in combined transport operations and extends this benefit, initially for combined transport alone, to intermodal transport in combination with waterborne transport. This led to concerns raised by stakeholders who claimed that **it undermines the combined transport benefit**, as lorries up to 44 feet could travel from hinterlands to ports for longer than 150 km, thereby not shifting to other transport modes. While the Commission acknowledges that this might be true in limited cases, it emphasises that the extension aims to promote intermodal transport adoption in general and the competitiveness of EU products in global markets.

Several stakeholders questioned the coherence of Article 4 of the Combined Transport Directive with **cabotage provisions** in <u>Regulation (EC) No 1072/2009</u> on common rules for access to the international road haulage market. The Commission concludes that the provisions of the directive are coherent with cabotage rules. Since the publication of the Commission's evaluation, there have been amendments to Regulation (EC) No 1072/2009.

The Commission concludes that the Combined Transport Directive is coherent with other EU policy measures and the approach to sustainable development. See the discussion on the European Court of Auditors' report below for recent coherence considerations.

# Gathering additional data on EU combined transport (2018)

A 2018 external <u>report</u>, requested by the European Commission, presents an analysis of combined transport operations in the EU. The data source of the study is a survey targeted at key market players. This final report complements the '<u>Analysis of the EU Combined Transport</u>', which informed the Commission's ex-post evaluation discussed above.

The report notes that a significant share of combined transport operators experience an additional **economic and administrative burden from having to use paper-based documents** instead of electronic ones. However, the cost to introduce software solutions to manage e-documents can be significant for operators. This implies that various digital solutions are required to accommodate for differences in operator capacity.

As noted above, the directive provides **regulatory benefits for combined transport operations in terms of cabotage restrictions** (Article 4). According to the findings, there is a low level of awareness about these provisions. Approximately a third of respondents from the rail and short-sea shipping sectors were aware of this rule (40 % and 30 % respectively). For the inland waterway sector, this figure was only 10 %. Nevertheless, the use of the exemption among operators aware of the rule is high (>80 %). The report accordingly concludes that exemptions from cabotage rules are a useful means to promote the development of combined transport solutions in the EU.

#### Infringement cases

At the time of this appraisal's publication, an active <u>infringement case</u> is ongoing regarding the Combined Transport Directive.<sup>9</sup> In October 2020, the Commission sent a letter of formal notice to Sweden for incorrectly applying EU rules on the combined transport of goods between Member States. Sweden is limiting the definition of 'combined transport operations' and thereby excluding specific transport operations covered by the directive from benefiting from its provisions. There is also a closed infringement case for the Danish regime applicable to combined transport operations.<sup>10</sup>

#### Commission consultations ahead of the revision

In preparation for the revision of the Combined Transport Directive, the Commission published an <u>inception impact assessment</u>, which was open to <u>feedback</u> from the public between 19 August and 16 September 2021. A total of 62 stakeholders submitted feedback.

The Commission launched a <u>public consultation</u> between 7 March and 30 May 2022, to allow stakeholders and the public to provide feedback. A <u>summary report</u> of the consultation is available. An overview of this report is given below.

A total of 100 responses were received. Overall, 68 % of the responses came from industry representatives, such as transport operators, transport organisers and terminal operators (including

relevant associations). A further 14 % of responses came from local, national or regional authorities. In addition, 10 % of the responses came from EU citizens and the remaining 8 % from non-governmental organisations, trade unions and other organisations.

Overall, the consultation sought to assess whether the Combined Transport Directive is fit for purpose, as well as the challenges faced by combined transport operations in the EU. Some notable findings are presented below:

- Three quarters of respondents believed that both EU and Member State policies should support the increased use of rail and waterborne transport (76 %).
- The majority of stakeholders noted that there were differences in the competitiveness of intermodal transport among Member States (80 %).
- The majority of respondents emphasised six factors that affected the lack of competitiveness of intermodal transport compared to road-only transport. These include transhipment costs (93 %), lack of suitable local terminals (89 %), road transport being cheaper for door-to-door operations compared to intermodal transport (83 %), a habit of using road-only transport (83 %), lack of local suitable service offers in terminals (80 %) and delays or longer transit times compared to road-only transport (79 %).
- Nearly two thirds of respondents believed that the eligibility for support should be based on new principles, compared to those in the current directive (63 %).
- Many stakeholders highlighted the role of digitalisation as a means to reduce the administrative burden, for example, by using the <u>electronic freight transport</u> information (eFTI) framework.

# **European Parliament**

The European Parliament adopted a <u>resolution</u> on future-proof inland waterway transport in Europe on 14 September 2021. It welcomes the Commission's intention, communicated in the <u>sustainable</u> <u>and smart mobility strategy</u>, to shift more freight from road transport to inland waterways and shortsea shipping. In the context of revising the Combined Transport Directive, the Parliament stresses that promoting a modal shift should be a priority.

In this resolution, the Parliament underlines the **considerable unexploited potential and scope for expansion of inland waterway transport**. It calls on Member States to eliminate the missing links, tackle bottlenecks and promote quality physical and digital infrastructure. The Parliament especially stresses the need to increase investment in satisfactory multimodal infrastructure in ports and inland ports' hinterland connections, such as rail connections and terminals, and to increase their storage capacity to facilitate competitive multimodal transport and enhance supply-chain performance. It further notes that the inefficient transportation of sea containers from seaports to the hinterland at present leads to higher costs and longer travel times.

# Legislative resolution (2019)

As noted above, after a failed first attempt to revise the directive in 1998, the Commission issued a second proposal to amend the Combined Transport Directive in 2017. In March 2019, the Parliament adopted its <u>first reading position</u> on the proposal, which was later withdrawn by the Commission, in 2020. Below is a summary of the Parliament's proposed amendments to the Commission's 2017 proposal, based on five key areas.

#### > Scope and definition:

- Parliament proposed to clarify the vehicles included in the scope of the directive.
- Parliament further noted that each road leg should not exceed 150 km, with specific flexibility provisions that allow Member States to raise or reduce this limit.
- > Evidence and digital means:

- In its resolution, the Parliament proposed that road transport should only be considered part of a combined transport operation covered by the directive if a carrier can provide clear evidence.
- The resolution further notes that Member States should gradually digitalise documentation, while providing a transition period until the full abandonment of paper documentation.

#### Social protection for drivers:

- > The Parliament noted measures to strengthen social protection for drivers.
- In the case of cabotage operations, the Parliament proposed that rules on cabotage transport should apply to the road legs that are part of a domestic combined transport operation.

#### Measures to support combined transport:

- The Parliament notes specific measures to prioritise investment in transhipment terminals to reduce bottlenecks and congestion areas, particularly near urban and suburban areas.
- Parliament also underlines additional economic and legislative measures to improve the competitiveness of combined transport, especially in terms of cost and time reduction in transhipment operations.

#### > Evaluation and monitoring:

The resolution notes that the Commission should regularly assess progress in increasing the share of combined transport in each Member State.

# Written questions by Members of the European Parliament

This section presents several Members' written questions, and the respective answers given by the Commission, in the ninth legislative term.

In February 2020, Giuseppe Ferrandino (S&D (now Renew), Italy) <u>asked</u> the Commission about its position on the **regional imbalances in intermodal network connections and infrastructure** in the EU. In its <u>answer</u>, the Commission underlines its commitment to support less-developed and outermost regions. he <u>European Structural and Investment Funds</u>, which addresses and bridges gaps in several areas, including transport, are a key initiative. The Commission also refers to the <u>European Regional Development Fund</u> and the <u>Connecting Europe Facility</u>. The latter directly supports investment in multimodal solutions.

In January 2022, Members from several political groups <u>asked</u> the Commission about the **specificities faced by island Member States under new road transport rules**. In the context of the Combined Transport Directive's revision, the Members asked how the Commission plans to systematically consider the interests of island Member States, when formulating and proposing new transport rules. The Commission's <u>response</u> states that the directive defines which operations are eligible for support without imposing regulatory limitations or prohibitions on road transport legs or any other mode. In the case of transport to and from islands, the Commission notes the inevitability of intermodal transport, indicating that road support measures are unlikely to further influence its share.

In April 2022, David McAllister (EPP, Germany) <u>asked</u> the Commission about its plans to facilitate a **modal shift** and promote **rail freight transport**. The Commission <u>underlines</u> that cross-border rail freight traffic should gain from the Commission's initiatives aimed at levelling the playing field for transport modes by internalising external costs, such as the planned revisions of the <u>Energy Taxation</u> <u>Directive</u> and the <u>Emissions Trading System</u>. It further refers to its <u>sustainable and smart mobility</u> strategy and the <u>Recovery and Resilience Facility</u>, which may provide financial support at the national level.

# Other EU institutions and bodies

# **European Court of Auditors**

The 2023 European Court of Auditors' <u>special report</u> on intermodal freight transport, which covered 7 Member States and 16 projects receiving EU co-funding in 2014-2020, concludes that the EU's regulatory and financial support for this transport type is insufficient. The **uneven playing field for intermodal freight transport compared to road transport in the EU persists for several reasons**. These include: i) shortcomings in the design and monitoring of EU targets for intermodal transport, particularly in the context of greening freight transport; ii) regulatory provisions that counteract the aim of incentivising intermodal transport; and iii) challenges related to the development of terminals and linear infrastructure. The latest <u>proposal</u> to amend Council Directive 92/106/EEC, published on 7 November 2023, refers to this report and its results.

The Court found that the **Commission lacked a dedicated EU strategy on intermodality**. Instead, intermodality was part of broader strategies on greening freight transport and modal shifts, such as the 2020 <u>sustainable and smart mobility strategy</u>. The strategy specifies quantitative targets for 2030 and 2050 for the increased use of rail and inland waterways. However, no specific targets for the share of intermodal freight transport are set. The Court notes that the targets remain unrealistic, since underlying assumptions are not based on robust simulations of potential modal shifts considering: i) existing long-term infrastructure constraints for rail and inland waterways, and ii) regulatory barriers.

A **lack of data** from Member States significantly hampered the Commission's ability to monitor the contribution of intermodality to achieve EU targets related to greening freight transport. This lack of data also explains why it has not complied with the directive's reporting clause (Article 5).

The stakeholders and national authorities interviewed confirmed that the existing Combined Transport Directive is outdated and does not effectively promote intermodal transport in the EU. The key issues emphasised include: the minimum threshold of 100 km for the 'non-road leg', as it excludes services that connect ports to their immediate hinterland from the directive's application; and the requirement for a paper document to be stamped by the relevant rail or port authorities throughout the journey instead of a digitalised workflow. In addition, stakeholders stressed the significant variation in Member State transposition of the directive's provisions, leading to uncertainty for logistics operators regarding the organisation of cross-border journeys.

The Court identified three legal acts, specific to road transport, which contain exemptions or flexibility provisions that reduce the incentives for intermodality:

- Under <u>Directive 1999/62/EC</u> ('Eurovignette Directive') concerning heavy-goods vehicles, Member States can exempt certain sections of the road infrastructure from distance-based tolls in justified cases and instead opt for a time-based vignette system or forgo toll collection altogether. This is different for rail transport, for which every service is subject to track access charges for the entire journey.
- Council Directive 96/53/EC ('Weights and Dimensions Directive') establishes the maximum weight and dimensions of lorries. It provides an incentive for combined transport by allowing additional length and weight for vehicles engaged in the road legs of combined transport journeys. However, the directive also grants Member States the authority to raise the maximum allowable weight for national transport operations, irrespective of whether the service is intermodal in nature. At the time of the audit, 11 Member States were using this option, practically neutralising the directive's benefit for intermodality.
- Regulation 2020/1055 amending Regulation 1072/2009/EU on common rules for access to the international road haulage market, adopted as part of <u>Mobility Package I</u>, introduced **provisions for cabotage services**.<sup>11</sup> As noted above, combined transport operations do not fall under cabotage restrictions due to a provision outlined in the

Combined Transport Directive. The new regulation grants Member States the authority to apply cabotage restrictions on the road legs of a combined transport operation, as long as these legs do not cross a border. The aim of this is to avoid misuse of the Combined Transport Directive cabotage provision. At the time of the Court's audit, Denmark, Finland and Sweden notified the Commission of their intention to use the derogation.

The report accordingly provides **recommendations for the Commission**. In its <u>reply</u> to the special report, the Commission accepted four of these recommendations:

- 1 Improve the collection of intermodal freight transport data at the national level, in collaboration with EUROSTAT and national statistical offices.
- 2 Prepare the revision of the regulatory framework for rail to remove the existing regulatory obstacles and increase its competitiveness compared to road transport.
- <sup>3</sup> Prepare the revision of the regulatory framework for both combined transport, enlarging its scope to intermodal transport, and road-only transport. These revisions should aim to reduce the diversity of Member State implementation, include provisions on the digitalisation of information flows and reinforce the incentives for intermodal transport compared to road-only transport.
- 4 Lay the groundwork for a coordinated Member State assessment of intermodal terminal needs.

There also were four recommendations that the Commission did not accept, related to <u>core network</u> <u>corridor</u> targets and EU-funded projects (<u>Connecting Europe Facility</u>).

# European Economic and Social Committee

The European Economic and Social Committee (EESC) published an <u>opinion</u> on intermodal transport and multimodal logistics on 7 July 2021. It notes that a long-term solution to developing efficient and sustainable multimodal transport needs to solve issues that make multimodal transport more expensive, slower and less reliable than unimodal road transport. To improve multimodal transport and attain a level playing field, the EESC recommends (in addition to technical innovation and measures to promote competitiveness), the full internalisation of external costs for all transport modes.

The EESC also calls for **substantial measures** related to a unified European single wagonload system, connections between key infrastructure, such as ports, and rail solutions, investment in industrial sidings<sup>12</sup> and involvement of large logistics companies in redirecting transport modes. The potential of digital solutions to resolve issues hampering intermodal transport is also underlined. The EESC further notes that rail needs to better adapt to an open-market context and resolve issues related to a lack of punctuality, reliability and flexibility. Regarding inland waterway transport, improvements appear necessary with respect to cross-border transport capacity.

# European Committee of the Regions

In a 2017 <u>opinion</u> on delivering on low-emission mobility, the European Committee of the Regions welcomed the Commission's Combined Transport Directive revision proposal of the same year, and called for financial support measures for the development of combined transport through new investment in intermodal terminals.

# Court of Justice of the European Union

The Court of Justice of the European (CJEU) has ruled on the interpretation of the Combined Transport Directive in several instances, mainly regarding the clarification of its definitions and provisions. For example, the use of the term '**nearest suitable rail loading station**' was referred to the CJEU in case <u>C-305/06</u> (*Commission* v *Greece* – Article 1). In the same case, the CJEU also clarified that Member States are entitled to request adequate **documents** that prove the nature of a transport operation (Article 3). In addition, case <u>C-2/84</u> (*Commission* v *Italy*) confirmed that

combined transport is a single interconnected international transport operation and thereby provided clarity regarding the **cabotage exemption** (Article 4). In case <u>C-96/94</u>, the CJEU ruled that the directive does not apply to combined transport of goods between **third countries** and Member States. Finally, CJEU case <u>C-246/22</u><sup>13</sup> ruled that the **road transport of empty containers** between a container terminal and a point where the goods are loaded or unloaded falls within the concept of combined transport (Article 1).

The CJEU also dealt with cases where the Commission initiated legal proceedings against Member States for failure to transpose the directive within the prescribed period. One such case is <u>C-444/99</u> (*Commission* v *Italy*), where the CJEU determined that Italy had breached its obligations under the directive by maintaining a system of authorisations and quotas for combined transport operations between Member States.

# Selected stakeholder opinions

Several stakeholders<sup>14</sup> have expressed an initial opinion regarding the proposal to amend Council Directive 92/106/EEC, published by the European Commission on 7 November 2023.

The International Union for Road-Rail Combined Transport (<u>UIRR</u>), welcomes several provisions included in the directive's revision. These include the explicit recognition of combined transport over long-distance road transport, the requirement for Member States to formulate a strategic freight transport plan, and mandating measures aimed at reducing the cost of combined transport by 10 %.

The UIRR stresses the need to **consider the Weights and Dimensions Directive alongside the Combined Transport Directive**. Speaking for the European rail freight sector, the European Rail Freight Association (EFRA) echoes this sentiment. The Community of European Railway and Infrastructure Companies (CER), the voice of European railways, also calls on the co-legislators to consider both directives in a synchronised, coherent and coordinated manner. The CER further states that the proposed revision of the Combined Transport Directive would require fundamental changes to the Weights and Dimensions Directive proposal, to make trucks and trailers truly interoperable with cleaner transport modes such as rail.

The CER welcomes the ambition to reduce **external costs** via combined transport. The International Road Transport Union (<u>IRU</u>), representing road transport, questions the proposal to link combined transport incentives to the external cost performance of road freight operations. It further criticises the lack of clarity on the definition and calculation of external costs in the Commission's proposal.

In addition, the CER welcomes the requirement for **Member States to reduce the costs of combined transport by at least 10 %**. It calls on the European Parliament and Member States to approve and implement this requirement. The European Association for Forwarding, Transport, Logistics and Customs Services (CLECAT) also noted their interest in this provision, while expressing that the level of ambition on the matter is questionable.

According to the CER, additional provisions aimed at **reducing red tape in State aid procedures** are essential to simplify support processes and enhance market competitiveness. These include making public support automatically compatible with EU State aid rules and using existing tools on external costs, including those on GHG emissions.

The CLECAT expressed concerns related to the time needed for the launch and maturing of the digital <u>electronic freight transport information</u> (eFTI) framework. Similarly, the IRU notes that the mandatory use of the **eFTI framework**, planned for complete application in mid-2026, should not become a barrier to access combined transport incentives.

#### FURTHER READING

Carboni A. and Dalla Chiara B., '<u>Range of technical-economic competitiveness of rail-road combined</u> transport', *European Transport Research Review*, Vol. 10(2), 2018.

Knapčíková L. and Kaščák P., '<u>Sustainable multimodal and combined transport in the European Union</u>', *Acta Logistica*, Vol.6(4), 2019.

Rotaris L., Tonelli S. and Capoani L., '<u>Combined transport: Cheaper and greener. A successful Italian case</u> study', *Research in Transportation Business & Management*, Vol. 43, 2022.

#### **ENDNOTES**

- <sup>1</sup> The base year for the 55 % reduction target is 1990. See <u>European Climate Law</u>.
- <sup>2</sup> Within road transport, cars account for the largest share of GHG emissions in 2019 (60.6 %), followed by heavyduty trucks and buses (27.1 %), light-duty trucks (11 %) and motorcycles (1.3 %). See <u>EU transport in figures</u>.
- <sup>3</sup> Based on the volume of freight transport in <u>tonne-kilometres</u> (tkm).
- <sup>4</sup> The base year for the target increases in rail, inland waterway and short-sea shipping transport is 2015. See <u>sustainable and smart mobility strategy</u>.
- <sup>5</sup> The <u>Marco Polo programme</u> (2007-2013) is another EU instrument that supported modal shift by financing projects in the freight transport and logistics markets.
- <sup>6</sup> Article 6 also lists the taxes that can be reduced or reimbursed in different Member States.
- According to this provision, transport documents have to include: name and address of the consignor; nature and weight of the goods; place and date of acceptance of the goods for transport; place at which the goods are to be delivered; route to be taken, or distance to be travelled, if these factors justify a rate different from that normally applicable; and frontier crossing points, where appropriate.
- <sup>8</sup> See <u>Better Regulation Guidelines and Toolbox</u>, European Commission, 2021.
- <sup>9</sup> Case INFR(2020)4055 Swedish regime applicable to combined transport operations (Directive 92/106/EEC). See the European Commission's <u>infringement decisions</u>.
- <sup>10</sup> Case INFR(2015)4185 Danish regime applicable to combined transport operations (Directive 92/106/EEC). The case was closed in 2019. See the European Commission's <u>infringement decisions</u>.
- <sup>11</sup> Readers interested in the impacts of Regulation 2020/1055, amending Regulation 1072/2009/EU on the combined transport sector, can consult the European Commission's ex-ante assessment. See <u>Mobility Package 1 Data</u> <u>gathering and analysis of the impacts of cabotage restrictions on combined transport road legs</u>, European Commission, 2021.
- <sup>12</sup> Sidings are low-speed rail tracks branching off running tracks. These may be specifically dedicated to the temporary parking or storage of railway vehicles.
- <sup>13</sup> Case <u>C-246/22</u>, Staatsanwaltschaft Köln and Bundesamt für Güterverkehr, 14 September 2023.
- <sup>14</sup> This section is not exhaustive; it provides an overview of key stakeholders' initial positions on the proposal, based on available press releases and articles.

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