

**Ministerial conference on
Motorways of the Sea and
Logistics
- Lisbon, 23 October 2007 –
Speech of Mr Karamitsos**

Ladies and Gentlemen,

The second theme of today's conference is that of logistics, and in a moment two presentations will be given to us on concrete measures to promote innovative logistics. One is on Portugal's national logistics plan and the other from an industry perspective, in this case Auto-Europa Volkswagen.

I would nevertheless like to say a few introductory remarks on why the topic of logistics is a theme for Europe and what we should be doing about it at European level.

Europe should be concerned about logistics because it is an essential element of its competitiveness. First of all, in the fundamental way that it ensures access to markets, for the goods that we require and for the products that Europe sells.

Secondly, it is essential for European competitiveness because it is an important component of the final price of our products. If we are worried about the exchange rate of the euro to the dollar edging up another percentage point we should also worry about how our logistics costs fare.

According to the European Petro-Chemical Association, some 8-10% of that industry's turnover is spent on supply chain and logistics activities. That is not an extreme but an average value which applies also to other industries. Those 8-10% are one of the few areas in which the petro-chemical industry can still mobilise economies. Perhaps this is a point to return to when we hear of the example of Auto-Europa Volkswagen.

Europe should also be concerned about logistics because it is a key to coming to grips with rapid growth in freight transport on the one hand and its environmental repercussions on the other. When for the whole of Europe we predict 50% growth in freight transport by 2020 this translates into substantially higher increases in certain regions, and ports in particular.

Logistics can help make better use of our transport infrastructure and it can reduce freight transport's environmental impact by making more efficient use of it.

Finally, Europe needs to be concerned about logistics because we can no longer count on national measures to solve these challenges alone. Yes, national initiatives are important, and in that respect I would echo what the European Parliament recently said in its Resolution, calling on Member States to adopt national plans for logistics. But we need also a strong impulse at EU level.

The reasons are simple: goods flows are increasingly trans-European, if not trans-continental and the solutions need to be as well. If we cannot agree on common standards for intelligent transport solutions, for example, how can we hope to make a difference on the world's scene?

Having said all that, what do we intend to do at the level of the EU? What is actually being proposed by the Logistics Action Plan?

Adoption and publication of the Freight Transport Logistics Action Plan is now some days back so I need not go through the Plan in detail. I will limit myself to outlining the main components of the document and – more importantly in today's context – highlighting how these concern Member States and how together we should work to take the actions identified by the Action Plan forward.

The first thrust of the Action Plan is innovation. I associate this closely with the deployment of information and communication technologies. A central element of the Action Plan is therefore to promote the concept of "e-Freight", i.e. work towards an electronic flow to double physical goods flow, using technologies such as radio-frequency identification but employing also the capabilities of Galileo. Other areas in which ICT can innovate logistics include digital maps, electronic fee collection or tracking and tracing, especially of dangerous goods.

A second theme of the Logistics Action Plan is that of quality. For too long we have tried to influence freight transport without taking into account user requirements for quality of service. A transport service that does not arrive on time or that damages the goods it is carrying can never be a viable alternative. That is why we want to strengthen quality, through suitable performance indicators and better training, but also by doing our own part in reducing obstacles or "bottlenecks" to the efficient provision of logistics services.

That leads me to the third orientation of the Logistics Action Plan, which is simplification. Naturally, when we hear the word simplify we tend to think of the need to do away with unnecessary bureaucracy. That is obviously an important part of it, which is why the Action Plan wants to give new impetus to the efforts to establish a single window for administrative interactions.

But there are other areas where we can simplify procedures, in particular where multimodal transport chains are concerned. I am thinking of documentation in transport, or issues regarding liability, or security measures.

Finally, the Logistics Action Plan is also about updating legislation. No doubt, you have all been confronted in one way or another with the issue of vehicle weights and dimensions in road traffic and the confusion created by different approaches and limitations in Member States. We need to look at the various implications – positive as well as negative – that the so-called modular concept could have in cross-

border traffic and discuss the scope for a consistent EU approach on the sensitive issue whether we should update Directive 96/53/EC which sets out these size limitations.

The Logistics Action Plan defines two priority areas in which we need to progress in making logistics both more efficient and more sustainable, socially as well as environmentally. These are the urban environments and the long-distance transport corridors. It is here, in particular, where Europe can make a difference.

The Action Plan is an agenda, a work programme for the Commission for the coming years. It contains a consistent set of measures that have been elaborated after a long and intense consultation process and which I believe reflect the views of the parties concerned.

Our challenge is now to take it forward, to prioritise and to identify funding opportunities, in the TEN-T programme, in research, in Marco Polo, in structural funds and elsewhere.

I would like to underline that the Action Plan is not a catalogue of ready-to-wear solutions. While it defines concrete targets and defines timelines for each of these this doesn't mean that we have all the answers today. Instead, we want to work these out together with industry and with the national authorities. My message to you is that we expect you to participate in the implementation of these measures.

What might this mean concretely? It is the Commission's intention to organise in the latter part of next year a major event on freight

transport. Perhaps we can persuade the French Presidency of teaming up with us on this. The purpose would be to help focus minds on the implementation of the Logistics Action Plan, to review progress and to see which areas in particular we need to focus more efforts on. It would be an event that is open to private and public actors.

However, there are a number of issues that transport authorities need to discuss amongst themselves in order to come to a common understanding of priorities and to align our efforts in logistics. I am thinking of issues such as the definition of green corridors or issues of interoperability between freight-related IT-solutions.

To address these and other issues of common concern we could envisage regular meetings of of Member States' competent authorities in the first half of next year and following years. This is also in line with last year's Transport Council Conclusions which called for the creation of a high-level group on logistics. That group could look at the Commission's work programme in the logistics area each year and examine some horizontal issues, like e.g. the availability of finance for logistics projects under various EU funding schemes.

Ladies and gentlemen,

You have been patient in listening to my presentation of the Logistics Action Plan. I propose now that we turn our attention to a number of case studies.