

ACEA REPLY TO DG COMPETITION CONSULTATION ON THE DRAFT REVISED STATE AID RULES FOR LAND AND MULTIMODAL TRANSPORT

The Commission launched on 18 June 2024 a [public consultation](#) inviting all interested parties to comment on its draft rules for land and multimodal transport replacing the [Guidelines on State aid for Railways undertakings](#) (Railway Guidelines) as well as on its new Transport Block-Exemption Regulation (TBER). The later will be complementary to those set out in the new (draft) Land and Multimodal Transport Guidelines (LMT) which will replace the Railway Guidelines.

In the draft documents presented by DG Competition, the scope of the guidelines is broadened to cover all land transport modes that are, *“less polluting than road-only transport such as rail, inland waterway transport and sustainable multimodal transport”* (sic). Road transport-only transport is repeatedly defined as a non-sustainable land transport mode in comparison to rail, inland waterways and multimodal transport. The two drafts include countless references to *“cleaner forms of transport”*, *“more sustainable forms of transport”* and continuously refer to the current -controversial- European modal shift approach to transport policy.

In our reply to the public consultation, we would like to advocate for a more balanced and flexible transport policy that better aligns with industry needs, economic realities, and environmental goals. Ultimately, we would like to ask DG Competition and more broadly the European Commission to reconsider and potentially abandon the modal shift approach in favor of a more holistic and pragmatic strategy and adapt its proposals accordingly.

These points highlight the need for a more nuanced and evidence-based approach to European transport policy, considering the latest developments in vehicle technology and infrastructure.

CONTEXT

Since the 1990s, European Union transport policy has been based on an approach of ‘modal shift’; moving traffic from road to other modes of transport, with rail (and to a certain extent inland waterways) being a prominent alternative. The primary objective has been to stimulate a move away from road transport towards options that the Commission deems ‘more sustainable alternatives’, such as rail and inland waterways. By promoting such modal shift, European policymakers aim to reduce congestion, enhance environmental sustainability, and improve overall efficiency in the European transport system.

However, studies and real-world experiences have highlighted the limitations and shortcomings of such an approach. Modal shifting policies face considerable challenges and barriers at the European and regional levels. They frequently fail to attract private financing and require substantial public funding and often do not address national and local considerations.

Furthermore, such policies undermine the EU single market by prioritising the more developed industrialised heartland of Europe at the expense of peripheral and eastern regions who face higher transport costs. These issues underline the need for the European Commission to review its approach to transport policy and ensure that European Transport policy is relevant, evidence-based, and effective.

11 REASONS TO RECONSIDER THE EUROPEAN MODAL SHIFT APPROACH TO TRANSPORT POLICY

1. **Lack of level playing field among transport modes and environmental considerations:** The modal shift approach often prioritizes rail and other non road transport modes over road transport without considering the technological advancements in the automotive sector. This lack of neutrality hinders innovation and investment in cleaner road transport technologies. The emergence of zero-emission vehicles questions the relevance of modal shift policies, as these vehicles significantly reduce the environmental impact of road transport, potentially matching or surpassing the presumed sustainability of rail and other land transport modes.
2. **External costs across modes:** The general assumption that rail and other non road transport modes have lower external costs compared to road transport is not correct, especially with the advent of cleaner road vehicles. Moreover, road transport is already subject to high levels of taxation and charges, while rail transport is highly subsidised (subsidies are external costs too). The reality is that road transport has a relatively inelastic demand, so the European modal shift policies will not influence modal shift.
3. **Inefficiency in transport systems:** Focusing solely on shifting modes rather than improving the efficiency of each mode and the transport system as a whole can lead to inefficiencies. A co-modality approach, which optimizes all modes of transport, would be more effective.
4. **Data accuracy and policy evaluation:** Inconsistencies in transport data, such as the definition of load (the environmental performance of any transport mode improves as the load factor increases, but non-road transport modes measure the load and the load factor different from road and more importantly, in a way that gives a better – only theoretically-environmental outcome), can lead to flawed evaluations of modal shift policies. Accurate and consistent data is crucial for effective policy-making.
5. **Infrastructure investment disparities:** There has been a disproportionate investment in rail and other non-road transport infrastructure at the expense of road infrastructure. This imbalance can lead to underutilization of existing road networks, as they may not be adequately maintained or expanded to meet demand. Consequently, the remaining roadways become overburdened with traffic, leading to increased congestion and inefficiencies.
6. **Equitable distribution of costs:** The “user pays principle” (i.e. CO₂ included in toll systems) has led to a fairer distribution of infrastructure and external costs in road

transport, making it more self-sustaining and challenging the justification for modal shift policies.

7. **Competition and complementarity:** Road and rail serve different needs and requirements and are not always in direct competition. Policies should reflect the reality of the transport market's diverse requirements.
8. **Demand elasticity and transport choices:** The already very high levels of taxation of road transport and the low elasticity of demand indicates that price changes do not significantly modify the quantity demanded, suggesting that modal shift policies may not effectively influence transport choices.
9. **Flexibility and reliability:** Road transport offers greater flexibility and reliability compared to other modes. The modal shift approach can lead to disruptions in supply chains and reduced reliability in transport services.
10. **Cost implications:** Shifting to rail and other non-road transport modes can be more costly due to higher infrastructure and operational costs. These costs are often passed on to consumers, leading to higher prices for goods and services.
11. **Regulatory fragmentation:** The focus on modal shift has led to fragmented regulations across different transport modes. A more coherent regulatory framework that promotes co-modality would reduce administrative burdens and improve the overall efficiency of the transport system.

Non exhaustive list of papers assessing the Modal shift in European transport and/or relative sustainability of modes of transport

[Research for TRAN Committee – Modal shift in European transport: a way forward, European Parliament](#)

[Mode Choice in Freight Transport, ITF](#)

[Moving Freight with Better Trucks, ITF](#)

[ACEA SAG 17 – Modal shift target for freight transport above 300 km](#)

[Towards a more sustainable transport policy, ACEA consultation briefing](#)

[A holistic transport policy approach, the 2011 White Paper on Transport Policy, ACEA press release](#)

[European Transport Policy after 2020, ACEA position paper](#)

[A future EU transport policy: ACEA priorities](#)