Opinion of the European Economic and Social Committee on the Proposal for a Regulation (EC) No …/2008 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')

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(2009/C 228/18)

On 12 February 2009, the Council decided to consult the European Economic and Social Committee, under Articles 71(1) and 80(2) of the Treaty establishing the European Community, on the

'Proposal for a Regulation (EC) No …/2008 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")'

On 13 January 2008 the Committee Bureau instructed the Section for Transport, Energy, Infrastructure and the Information Society to prepare the Committee's work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Mr LIOLIOS as rapporteur-general at its 452nd plenary session, held on 24 and 25 March 2009 (meeting of 24 March), and adopted the following opinion by 97 votes with 3 abstentions.

1. Conclusions and recommendations

1.1 The EESC expresses its support for the European Commission's policy to enable a shift in the inevitable and forecast growth in road freight transport to other modes, while drawing attention to the lack of ambitious plans and inadequacy of resources available.

1.2 The EESC endorses the proposed measures to amend the Regulation, namely:

1.2.1 delegating management to the Executive Agency for Competitiveness and Innovation (EACI);

1.2.2 reducing and simplifying the project eligibility thresholds;

1.2.3 doubling the funding intensity for projects, bringing it to EUR 2 per 500 tonne-km shifted or avoided;

1.2.4 setting of a very low threshold for inland waterways projects;

1.2.5 allowing single undertakings to apply for funding;

1.2.6 abolishing the specific 10 % threshold for traffic avoidance projects;

1.2.7 including the transport unit in the calculation of the modal shift;

1.2.8 simplifying the funding conditions for ancillary infrastructure.

1.3 The EESC believes that the Marco Polo programme is not fully achieving the goals that were originally set, and that it is consequently not being used to full effect. In particular, the EESC thinks that the budget provided (EUR 60 million) may not be sufficient to shift 25 billion tonne-kilometres of traffic. In view of the substantial external costs saved of EUR 9.15, the Committee believes more attention should be paid to finding the resources needed to shift as many tonne-kilometres as possible and achieve the goals originally set. It is apparent at least that the opportunity cost to society as a whole is many times greater than the direct assistance provided to companies. As it noted in opinions 842/2002 and 247/2005, the EESC believes that the Commission should propose an upward revision to this budget over the duration of the programme so that additional funds are available if a larger number of acceptable plans for measures are submitted than anticipated.

1.4 The EESC is surprised that although support and subsidies for SMEs submitting proposals is proposed and mentioned in the impact assessment, it is not provided for in the new Regulation. It regrets that this recommendation has not been adopted, and proposes that the facility be extended to include small companies, since it believes that the same arguments apply for them and that preparing such proposals entails considerable expense for such companies.

1.5 The EESC welcomes the Commission's apparent readiness to shorten the time frame for approving the funding of proposals. However, it believes that in a rapidly changing business environment, where the promptness of a response to market developments is of crucial importance, particular consideration must be given to further reducing the time it takes to assess, approve and fund each project through measures such as pre-assessment of proposals or partial standardisation of the assessment process.

1.6 The EESC thinks that the geographical spread of the proposals that have been submitted and funded has not been ideal, neither serving the objectives of the EU as a whole nor the need to promote intermodal transport equally among EU members. It therefore proposes that promotion of the project be continued taking account of the problems faced by southern and Mediterranean countries. In addition, the EESC believes that the inherent disadvantages of certain countries (e.g. lack of an extensive rail network, long coastline, large number of islands) should be taken into account so as to provide opportunities for companies in those places to submit proposals.

1.7 The EESC reiterates its view expressed previously that a study should be carried out on the *zero stockholding* and *stock in circulation* policies in order to assess their effects on whether or not viable transport modes are promoted. The practice of zero stockholding favours road freight transport, which has effects on energy consumption and environmental protection. The whole supply chain must be examined in this context.

1.8 The EESC believes that the knowledge of road haulage companies should be harnessed by actively involving them in such programmes for shifting goods transport from roads to other modes. To this end it is proposed that these companies receive regular updates and assistance in order to change the models they have adopted and use in their production processes.

1.9 The EESC believes that since not all the available funding has been used, the Commission should consider raising the above-mentioned funding threshold (from the current 35 % for modal shift measures, inland waterways transport services, catalyst actions, motorways of the sea and traffic avoidance, and 50 % for common learning, to 50 % and 70 % respectively). The Committee believes this is necessary for SMEs, which have higher fixed as against variable costs than large companies. For catalyst actions specifically, we would propose an increase in the subsidy from EUR 2 per tonne-km to EUR 3 per tonne-km, since these are innovative solutions that will have a positive impact on shifting goods transport from roads to other modes, as well as influencing public opinion.

1.10 The EESC recommends that the Commission draw up at least one 'European Guide', for all beneficiaries and in all the EU languages, describing the characteristics of each multimodal platform, and that it take all measures necessary to increase familiarity both with the funding mechanisms and with the outcome of projects and benefits for intermediate and final beneficiaries. In addition, the EESC believes that the Commission should draw up specific plans to promote the programme and increase its visibility. To this end, the EESC proposes that conferences, awareness-raising events and roadshows be co-organised with the Commission.

1.11 The EESC recommends that the possibility be explored of including in the projects eligible for support under the Marco Polo programme actions involving transport of liquid substances by pipeline or of gas to transhipment/combined transport stations.

1.12 The EESC emphasises that a detailed analysis is needed of the existing situation with regard to maritime transport (inland waterways), since the adoption of intermodal systems is considered problematic here owing to market fragmentation. This situation is reflected by the fact that measures relating to motorways of the sea have not attracted much interest (they represented 9 % of proposals in 2007 and 4 % of proposals in 2008), and that consequently few, if any, proposals have been approved (none were approved in 2008).

1.13 The EESC still believes that the 36-month deadline specifically for modal shift actions is too short and recommends that it be extended to 48 months.

1.14 The EESC sees the need to consider the possibility of funding projects of national scope, with the aim of improving the acceptance of intermodal transport and shifting more freight transport from roads to other modes. In effect, the EESC believes that there might be local measures applying in just one Member State, but whose effects could benefit all users of the modes of transport concerned passing through that Member State.

1.15 The EESC reiterates its endorsement of widening the scope of application to include third countries (both candidate and non-candidate countries), and notes that the cost of measures carried out on their territory must only be covered by the programme in situations where the benefits are direct and measurable for a specific EU Member State.

1.16 The EESC thinks that a report should be published as soon as possible on plans that have been successfully implemented and resources actually saved through these funded projects. This will make it possible to promote the programme and publicise the results achieved to date.

1.17 The EESC repeats its view that the Commission should invite the Member States to record all options for reinstating existing, abandoned or less frequently used networks for freight transport. This applies in particular to the rail network, but is also relevant to maritime and inland waterways networks. The aim would be as far as possible to provide quicker solutions that are more benign than road transport in terms of sustainable development.

2. **General comments**

2.1 *Recap of the EESC's conclusions on the Marco Polo I and Marco Polo II programmes.*

2.1.1 In its opinions 842/2002 (17 and 18 July 2002) and 247/2005 (9 March 2005) on the proposal for a Regulation on 'Marco Polo I' and 'Marco Polo II', respectively, the EESC highlighted weaknesses and considered that the programme would not enable the Commission's objective of switching to other modes of transport to be reached, proposing that specific measures be added to the programme. The following recommendations were made in opinions 842/2002 and 247/2005:

2.1.1.1 public funding of infrastructure to enable the switch to other modes of transport (terminals and access infrastructure);

2.1.1.2 giving a management committee the task of monitoring actions on an ongoing basis with a view to making the necessary mid-term adjustments to the Marco Polo programme;

2.1.1.3 making it possible for financial aid to be provided for projects involving actions taking place in just one Member State, provided that the impact of such projects would benefit users of international shipments passing through the Member State in question;

2.1.1.4 providing for inclusion in the projects eligible for support under the Marco Polo programme actions involving air and pipeline transport in a secondary capacity, on condition that other modes were also involved;

2.1.1.5 reducing the minimum subsidy threshold for each action;

2.1.1.6 extending the maximum deadline for modal shift actions;

2.1.1.7 drawing up for all users a 'European Guide' describing the characteristics of all multimodal platforms in the EU;

2.1.1.8 introducing a specific category with a minimum subsidy threshold of EUR 500,000, since inland waterways transport cannot be compared to sea transport, where the investment required depends on the size of vessels.

2.1.2 The EESC has already expressed its wish to be involved with the Commission in a study on the gradual phasing-out of the practice of *zero stockholding* and adoption of the *stock in circulation* practice for deliveries that are not urgent.

2.2 *Expert evaluation*

The EESC welcomed the evaluation requested by the Commission from an independent expert [1] and would like to expand on some points that were not discussed in detail in the evaluation:

— The number of proposals submitted is steadily decreasing (from 92 in 2003 to 63 in 2004, 62 in 2005 and 48 in 2006), while the number of proposals approved and funded is almost unchanged, ranging from 12 to 15.

— It is interesting to note that among the projects funded, 75 % of the modal shift originally planned was ultimately achieved, with rail projects showing a 99 % success rate but inland waterways realising only 45 % of the initial target.

— A 64 % shift in freight transport from roads under the Marco Polo I programme represents only 5.8 % of total EU international road freight transport, which is quite a small change overall.

— The process for evaluating proposals up to and including the point of signing a contract was perceived as complex, non-transparent and time-consuming (especially the time between negotiating and signing a contract). Many people consider the criteria for selecting projects to be clear and transparent, but not the procedure for scoring the criteria and the definitive proposal of a project shortlist.

— The lowest thresholds are very high for SMEs, and are not attractive in terms of initiating new intermodal services. This situation results in a small number of large-scale projects by large companies being favoured above a large number of projects by SMEs. An approach targeted at SMEs could therefore help to combat road congestion at local and regional level.

— Owing to the absence of project proposals in the call for shortsea projects, it is proposed that such projects be monitored and participation in them supported.

— It is recommended that the aspect of contribution to reducing road congestion should be made more visible.

[1] Evaluation of the Marco Polo Programme (2003-2006), Ecorys, source (available in English only): http://ec.europa.eu/transport/evaluations/annual_en.htm

3. **Comments**

The EESC laments the failure of the European Commission to take into account most of the recommendations made by the Committee in its two relevant opinions, which would have helped to increase the effectiveness of the programme, as is also made clear by the report, and is pleased that its proposals have been endorsed, albeit at this late stage. The EESC wishes to make the following specific observations.

3.1 *Since 1.3.2008, the management of the Programme has been entrusted to the Executive Agency for Competitiveness and Innovation (EACI), among other Community programmes.* The EESC welcomes this step, but believes that it should be accompanied by every possible action and initiative to reduce red tape and encourage major institutions to provide resources.

3.2 *Following the procedure provided for in letter d), point 2 of Annex I to Regulation 1692/2006, the Commission will double the maximum intensity of funding from 1 to 2 euros per 500 tkm avoided or shifted off the roads.* The EESC considers the doubling of funding intensity to be necessary for further development of the programme, given that the social benefit from reducing the external costs and social and environmental effects is many times greater than this funding.

3.3 *Allowing single undertakings to apply for support. Allowing single undertakings to submit projects will clarify and simplify the eligibility conditions.* The EESC endorses this and repeats that it must be possible to include projects involving just one Member State if there is a reduction in transport by road.

3.4 *Setting an especially low threshold for inland waterways projects.* A special lower threshold is fixed for projects whose aim is to shift goods transport from roads to inland waterways, as follows:

Type of project	Existing thresholds		Proposed thresholds
Inland waterways	N.A.	N.A.	*17 million tonne-km*

The EESC is pleased that its proposals for reducing the eligibility thresholds, in particular for inland waterways, have finally been accepted, and believes this will help to attract more proposals.

3.5 *Refunding proposal preparation expenses to micro-enterprises. In order to increase the number of applications from micro-enterprises, which characterise the road and inland waterways transport sectors, a lump-sum refund of proposal preparation expenses will be provided.* The EESC has been surprised to note that assistance to small enterprises in submitting proposals, although proposed and mentioned in the evaluation report, is not provided for in the new regulation.

3.6 *Lowering and simplifying project eligibility thresholds. Simplifying and lowering some thresholds will bring additional smaller projects and help to achieve the objectives of the programme, as shown in the following table.*

Type of project	Existing thresholds		Proposed thresholds
Modal shift	250 million tonne-km	EUR 500 000	80 million tonne-km
Inland waterways	*N.A.*	*N.A.*	*17 million tonne-km*
Catalyst action	N.A.	EUR 2 million	30 million tonne-km
Common learning	N.A.	EUR 250 000	EUR 250 000
Motorways of the sea	1.25 bn tonne-km	EUR 2.5 million	250 million tonne-km
Traffic avoidance	500 million tonne-km	EUR 1 million	80 million tonne-km

The EESC had previously proposed, and therefore welcomes, the reduction in eligibility thresholds for projects put forward, and the adoption of tonne-kilometres as the basis for comparing different proposals.

3.7 *Abolishing the specific 10 % threshold for traffic avoidance projects.* The EESC endorses the removal of this threshold, believing that this will encourage more such proposals.

3.8 *Including the transport unit in the calculation of the modal shift.* The EESC considers the proposal to include distances covered by the transport unit to be useful. However, the question should be considered of how to favour proposals that make better use of intermodal services, e.g. shipment of unaccompanied consignments by ro-ro.

3.9 *Granting of exceptional extensions of the maximum project duration by 6 months subject to adequate justification by the beneficiary.* The EESC endorses this proposal, since it could reassure beneficiaries that losses borne during start-up will be offset by the Community subsidy.

3.10 *Simplification of funding conditions for infrastructure.* The EESC agrees that the conditions for completion of ancillary infrastructure projects should be deleted and believes that this simplification removes the restrictions imposed, which were pointless and unjustified.

3.11 *Simplification of administrative procedures.* The EESC commends all measures that improve procedures and reduce the time taken to complete the administrative work for each subsidy, since experience to date has been negative. It nevertheless awaits relevant feedback based on participants' experience in order to give a more definite view.

3.12 *Deletion of the second sentence of Article 5(2), which reads 'The funding conditions for ancillary infrastructures within the meaning of Article 2(h) are set out in Annex II'.* The EESC agrees with this proposal since it believes this particular practice hampered the successful implementation of proposals, especially ones that aimed to use maritime modes of transport.

3.13 *The total aid granted in the form of State aid and Community financial assistance in respect of ancillary infrastructure shall not exceed 50 % of eligible costs.* The EESC considers the deletion of this specific measure to be right and believes that national governments will now take a more active part in the relevant projects.

3.14 The second paragraph of Article 14 is replaced by: *'The Commission shall present to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions an evaluation report on the results achieved by the Marco Polo Programme for the period 2003-2009 by 30 June 2011'.* The EESC has reservations about the timetable proposed above, since it believes that if the report is not used for taking corrective measures in the existing programme it would be fairer if there were more time for a fuller evaluation of the amended regulation.

Brussels, 24 March 2009.

The President
of the European Economic and Social Committee
Mario SEPI