

AmCham EU's response to the public consultation on the mid-term review of the 2011 White Paper on transport

Executive summary

The American Chamber of Commerce to the European Union (AmCham EU) welcomes the European Commission's reassessment of the White Paper on transport. Member companies of AmCham EU include a broad range of relevant stakeholders (suppliers, retailers, transportation companies, fuel suppliers, as well as users and consumers) and can therefore offer a well-balanced position on the future of European transport policies. This paper is following up on our previous contributions to the debate to reiterate core priorities that we believe can help shape smart, sustainable and inclusive growth for Europe.

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AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled €2 trillion in 2014 and directly supports more than 4.3 million jobs in Europe.

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Introduction: Core principles for a sustainable future

There is no competitive economy without efficient transport. There will be no recovery without transport being at the heart of European policies. We stand convinced that four core principles should drive the definition of future transport policies, articulated in a vision that enhances Europe's ability to deliver growth.

➤ *Support economic activity*

The contribution of transport to the economy at all levels should be acknowledged and emphasised. We believe that sustainability can only be ensured if the social, economic and environmental dimensions are jointly considered. We further stress that all efforts should be focused on completing the internal market for transport in all modes, as a core enabler of future growth.

➤ *Invest in infrastructure*

We are convinced that further infrastructure investments can no longer be delayed to maintain and expand Europe's critical transport networks at a time when global competitors race ahead to build the growth enablers of tomorrow. Infrastructure investments should be accelerated to create a better functioning transport system that has adequate connections and reduces congestion, emissions and accidents. These investments would simultaneously contribute to Member States' economic stimulus and recovery efforts since they create jobs, build lasting assets, enhance the EU's global competitiveness and improve overall quality of life. We very much welcome the creation of an infrastructure fund using several instruments and would reinforce that the earmarking of revenues generated from the transport modes should contribute to secure adequate funding.

➤ *Maintain a level playing field*

AmCham EU strongly believes that any transport policy must be cross-modal in design, since modal shift is neither possible nor suitable in the very large majority of traffic flows. Effective co-modality enables the full supply chain to be considered, including customer expectations. By ensuring technology neutrality, policies should promote innovation with the help of intelligent systems and be facilitated by harmonised standards and administrative procedures. The market should decide what the best new solutions to current challenges are, while each transport mode competes fairly on the basis of its own advantages and challenges.

➤ *An integrated and balanced approach to address Climate Change*

AmCham EU believes that the transport sector can contribute to efforts to reduce carbon dioxide (CO₂) emissions. A long-term solution will rest on innovations in fuel, materials, vehicles and infrastructure technologies as well as non-technical measures and behavioural changes. Any solutions envisaged should be market-based and first take into account the cost-efficiency associated with decreasing the impact of CO₂ emissions from the transport sector.

1. A single European transport area

There is an urgent need to **complete the Single Market**, and this is also valid for transport. AmCham EU notes that there has been little progress in this respect and the mid-term review should lead to

renewed emphasis on the need to create a single European transport area. To implement this, AmCham EU urges progress in the following:

- Liberalising road transport: Lifting road cabotage restrictions would allow more efficient truck operations, as operators would be able to load and unload anywhere in the EU and reduce the number of empty journeys;
- Furthering liberalisation of the railway market: This is the only true way forward to achieve market/customer oriented railway services for both passengers and freight and for the railway system to become a real alternative to road transport;
- Completion of the blue belt project to allow for free movement across the European Union's maritime space; and
- Ensuring the introduction of an interoperable, EU-wide harmonised and cost-effective road charging scheme, including the assessment of toll systems that have been successfully applied outside the EU.

Urban policy

Despite the extensive attention paid to urban policy, the White Paper lacked ambition and concrete projects to address densely populated and congested urban areas. Indeed, economic activity in cities is dependent on good access to public transport and efficient delivery networks to supply shops and businesses. Rather than hastily introducing environmental zoning, time windows and urban charging, cities should, as part of a sustainable urban mobility plan, start with assessing transport movements and identifying the relevant issues to be tackled (safety issue, congestion, air quality).

Examples of concrete measures which could improve urban policy include: optimising traffic light synchronisation; creating safe and legal parking spaces for pick-up and delivery activities; coordinating utility and road works; introducing traffic and parking management communication technology and maintaining a market-driven approach as a guarantee for efficient urban logistics; developing collective use of cars; creating parking near public transport stations; combined pricing offers for car parking and public transport; investing in infrastructure and the use of Intelligent Transport Systems (ITS).

Analysis and common methodology and criteria developed by cities should be the basis of the deployment of sustainable measures, which should be consistent and integrated with the current mobility policy. It is paramount to involve all stakeholders in this exercise, through a consultation process to identify real local bottlenecks and to come to feasible and broadly-supported solutions.

The application of telematics solutions - including the utilisation of technology-based, behaviour-based and engineering-based tools, like Electronic Vehicle Identification System technology to reduce the number of kilometres driven and fuel used - is being hindered by multiple interpretations of EU Member State governments on how companies can use telematics. AmCham EU would welcome an initiative from the European Commission to facilitate this technology which would be an example of realising the EU's digital transport agenda.

There should be at least regional harmonisation of proportional, and thus broadly-supported, city access standards promoted by the European Commission. AmCham EU is of the opinion that, within

the boundaries of subsidiarity, the granting of cohesion/structural funds to cities should be made conditional on cities respecting these core principles.

Road safety

AmCham EU also welcomes the emphasis placed on greater safety in all modes of transport. Particularly, we would like to stress the following on road safety.

The recently released Commission 2014 road safety statistics show that further improvement should be pursued regarding road safety which remains a major societal issue and a serious concern for European citizens. In this regard vehicle technology has helped halve the number of fatalities, despite a three-fold increase in traffic volumes on European roads. AmCham EU therefore encourages the European Commission to fully analyse the available data, engage with stakeholders and take concrete actions to reach its target of at least halving road casualties by 2020, and of approaching a zero fatalities level by 2050 in the EU. A commitment to road safety remains central to all vehicle makers' development plans.

Efforts should continue to focus on the three key pillars of road safety, namely vehicle technology, user behaviour and infrastructure. AmCham EU believes that next to the long and medium-term road safety measures, such as future vehicle design and ITS technologies, an improved vehicle visibility will have an immediate impact on reducing road fatalities, injuries and accidents and should become an equal part of Commission's road safety strategy. We are currently developing a position paper dedicated to road safety, to be published later this year.

AmCham EU would like to underline that within a Single Market with no internal borders and free movement of people and goods, it is of the utmost importance to support a harmonised approach to vehicle standards, infrastructure, traffic rules and compliance with legislation.

For the reasons mentioned above, we believe that the subsidiarity principle should not deter the European Commission from initiating necessary actions to improve road safety within the whole Union, considering the specificities of each country (geography, population density, etc.). It is key that a balance is reached amongst all competent levels, and at the same time a level playing field for road safety within a single European transport area, which necessitates strong guidelines and coordination at EU level.

Aviation

With regard to aviation, we note that despite the urgency conveyed by the White Paper on the need to complete the Single European Sky (SES) and to fully deploy Single European Sky ATM System (SESAR) as key initiatives for an efficient and integrated mobility system, much more remains to be done to achieve a SES in Europe. The lack of progress in implementing the Functional Airspace Blocks (FABs) - whose deadline for implementation was 4 December 2012 - is holding back SES full implementation, which in turn generates inefficiencies in the entire European Air Traffic Management (ATM) system.

The United Nations' Intergovernmental Panel on Climate Change (IPCC) states that 6-12% efficiency gains can be achieved through ATM improvements, thereby reducing CO₂ emissions. Manufacturers are building more efficient aircraft and pushing back technology boundaries, however, it is also critical that governments implement operational procedures that allow for efficiency gains. Bringing about SES through SESAR is indeed critical to increase carriers' ability to use more optimal routing and subsequently lead to the above mentioned reduction of flights' environmental impact.

Noise

AmCham EU welcomes the revised EU Regulation on noise that was published in June 2014. We now urge the Commission to ensure correct implementation of the strengthened application of International Civil Aviation Organisation's (ICAO) 'balanced approach' to aircraft noise management, which makes the assessment of operating restrictions more transparent and robust and clearly states that operating restrictions should only be considered as a last resort.

2. Innovation for the future: technology and behaviour

AmCham EU agrees that mobility and transportation play a crucial role in fostering economic growth and job creation, and that boosting research and infrastructure are elements of utmost importance for a sustainable transport system.

In particular, we would like to stress the following as key to the innovation agenda:

Vehicle efficiency through new engines, materials and design, and efficient energy use through new fuels and propulsion systems.

The automotive industry is developing and investing in different and new technologies at the same time, which have a highly strategic value for both the transport sector and European environmental policies. Thus AmCham EU would like to see measures to favour the renewal of the current vehicle fleet.

The deployment of those technologies will make the vehicles capable of running on a variety of energy sources, such as alternative fuels and engines like liquefied petroleum gas (LPG); compressed natural gas (CNG); liquefied natural gas (LNG); biofuels; electric and hydrogen powered cars; and biomethane. AmCham EU welcomes the adoption of the Directive on the Deployment of Alternative Fuels Infrastructure and stresses the need for Member States to invest in such infrastructure. In maritime transport LNG reduces pollution and represents a readily available and cost-efficient route to meeting the International Maritime Organisation (IMO) rules that from 2015 oblige ship operators in the North Sea and Baltic Sea, which are sulphur oxides (SO_x) Emission Control Areas, to significantly reduce the sulphur content of marine fuels (set at 0.10 % as from 1 January 2015).

Road transport has already made significant progress in CO₂ emissions reduction: The average amount of CO₂ emitted from new passenger cars has decreased by almost 20% in 13 years thanks to technological innovation, and CO₂ for a typical European 40 ton truck has been reduced by 20% over

the last 20 years. In addition, passenger cars now emit 95% less Nitrogen Oxide (NO_x) and other pollutants compared to 1970 and heavy duty vehicles emissions were reduced by over 90% since 1985.

Material innovation and light-weighting are also playing a greater role in improving fuel efficiency, reducing CO₂ emissions and offsetting weight increase of new engines or batteries in electric and hybrid vehicles. Many cost-effective solutions are already available to the market and their further deployment should be encouraged as part of the EU efforts to reduce road transport emissions.

AmCham EU urges the Commission to be cautious in prematurely determining which solutions work and which do not, and should instead follow a **technology neutral approach**, which contributes to technology progress and EU industry competitiveness. Most likely the future will not see 'one' solution but a combination of technologies tailored to different needs.

Only a technology neutral approach, combined with intelligent systems, harmonised standards, a harmonised taxation policy that does not hinder the competitiveness of European industry, appropriate policy frameworks and consumer education, can enable the market to make the best use of each available mode of transport.

Furthermore, it is important to underline that CO₂ emissions and environmental impact should not be the only criterion to govern policy measures and drive technological innovation, and that **cost-effectiveness should be a leading principle in all policy decisions**. The social, economic and environmental objectives should be jointly considered in an integrated approach. Elements such as citizen/drivers' preferences and needs, countries characteristics (population density, topography etc.), and the ability and readiness of other modes are just as important as technology and infrastructure.

In light of the above considerations, a modal shift approach as supported by the Commission in the White Paper is not acceptable. The goals set out in the White Paper regarding urban and freight transport - namely to 'halve the use of conventional-fuelled cars in urban transport by 2030 and phase them out in cities by 2050; achieve CO₂-free city logistics in major urban centers by 2030' and 'shifting 30% of the freight transport over 300 Km to other modes such as rail or waterborne transport by 2030 and more than 50% by 2050', accompanied by proposals of improvement and investments in infrastructure for such modes, represent a policy U-turn from the co-modality approach that was enshrined in the 2006 mid-term review of the White Paper on Transport Policy. Furthermore, targets and thresholds (60% Greenhouse Gas (GHG) reduction, 300 kilometers) should be based on accurate studies and take cost-efficiency into account.

The Commission is planning to present recommendations by the end of 2015 for a possible regulatory procedure for the period after 2020. Serious forecasts beyond 2020 are currently nearly impossible, since the potential market penetration of alternative drives is still entirely unclear. From the present-day perspective, it is doubtful that the current limits regime will continue, and a different system of regulation might be required. The justification for today's regulations is based on improved climate protection by reducing emissions in new vehicles. The much larger passenger vehicle fleet and its entire emissions are kept outside the system. The steering capacity of today's regulations to reduce CO₂ emissions is thus limited. This situation should therefore also be addressed by any amended regulation for the years after 2020.

Transport policy, in particular investment in infrastructure, should not be 'mode' oriented, but rather be based on 'efficient transport', which is perfectly translated in the co-modality approach. Modes are not in competition with each other, they are complementary, and the belief that some modes are by default better than others from an environmental standpoint is incorrect. Modal shift is neither possible nor suitable in the majority of traffic flows.

Aviation biofuels

Building on its support for the 2011 White Paper's target of a 40% use of sustainable low carbon fuels in aviation by 2050, AmCham EU urges the Commission to keep the focus on advancing the development of advanced biofuels in the post-2020 period. This is particularly relevant for the aviation sector, which has no practical alternatives to liquid hydrocarbon fuels over the long-term because of range, weight, temperature and other safety and aircraft operating requirements. Sustainable biofuels have the potential, over time, to enable the aviation industry to reduce its carbon footprint and become more energy sustainable. The industry has been focusing on advanced biofuels that do not create food security issues and require minimal land, water and energy to produce.

While the technology is ready and new types of aviation biofuels have been approved (over 1.600 commercial airlines flights on alternative fuels have taken place since 2011), major barriers to the commercialisation and use of sustainable aviation biofuels remain. In this regard, AmCham EU welcomes the practical implementation of the 'zero rating' provision to account for biofuels use in the aviation Emission Trading Scheme (ETS) Directive on the basis of a purchase-based methodology, as endorsed by the Regulation on ETS Monitoring and Reporting and related guidelines. However, policies to integrate the existing instruments (including research and development (R&D) and incentives into low carbon vehicles and fuels) into a consistent framework that allows all carbon reduction technologies to compete on an equal basis are still needed. This would enable the business and investment communities to respond to demand for sustainable aviation biofuels.

City access and an integrated approach

With regard to city access, the concept of technology neutrality needs to be emphasised and the 'best technology' cannot be selected before further investments and research are carried out. When all factors (environmental, social, economic) are duly taken into account, the result is that drastic moves to solutions such as cycling and walking are not always the most suitable alternative to motorised transport.

Phasing out 'conventional' vehicles might have serious economic and social implications and there will not be less demand for flexible transport. Moreover, the readiness of other modes to meet the needs of urban transport should be taken into account.

In order to achieve its goals, a sound transportation policy cannot target modes of transportation only, but, in an integrated approach, should address investments in consumers' education about new technologies, consumers' behaviour – in particular in regards to road safety – and infrastructure. Importantly, many low-carbon solutions are still not affordable to citizens, hence an appropriate system of incentive schemes and fiscal policy should urgently be put in place without disturbing the Single Market.

Freight transport

With regard to freight transport, several factors are to be taken into account to determine the best environmental cost-efficient solution, such as the source of energy used, the frequency of loading and unloading, the maximum capacity.

AmCham EU welcomes the adoption of the Weight and Dimensions proposal because it offers the right implementation of the performance-based approach: the design should be safe and comply with performance-based standards (PBS) with respect to impact on infrastructure, safe handling and manoeuvrability. The industry recommends the implementation of the PBS approach to handling and manoeuvrability currently applied in Canada, where 'vehicle envelopes' define the general vehicle layout, shape and configuration (maximum size and weights). Vehicles which fit within these 'vehicle envelopes' are proven to be in compliance with the applicable PBS. In the EU, we would like to see PBS related to weights and dimensions as well as safety be fully applied. AmCham EU also welcomes additional support from the Commission in further encouraging and facilitating trials with eco-combis and other more efficient solutions within and between EU member states.

In order to continue making significant CO₂ reduction, all CO₂ reduction potential should be addressed with an integrated approach where all components of a vehicle could contribute to safety and environmental performance. Thus it is important that vehicles are equipped with tyres with low rolling resistance and good performance in wet grip coupling both safety with a reduction in fuel consumption and CO₂ emissions. Wheels can also support improvements in fuel efficiency through weight reduction.

AmCham EU welcomes the emphasis on 'transport research' and 'innovation policy', in particular the need to support these with better infrastructure and sound policy frameworks. The EU and Member States' support for R&D and investments in low to zero emissions transport solutions is of utmost importance to accelerate the path towards sustainable and competitive EU mobility. For example, the automotive industry alone invests over €26 billion in R&D each year.

Better use of network and safer and more secure operations through information and communication systems

AmCham EU agrees that the deployment of smart mobility systems developed through EU-funded research does contribute to the development of the EU transport system into an efficient, safer and user-friendly system.

Innovation, creativity and competition will deliver progress in the Information and Communications Technology (ICT) and ITS. These are important instruments to make private transport more efficient, provided that they are developed in parallel with the modernisation of the infrastructure as the latter cannot be replaced with communication and information systems.

In fact, EU infrastructure needs an increase in investments in order for Europe not to be left behind other leading economies. A strong support from the EU and Member States will not only improve transport's environmental footprint but also create smarter infrastructure.

3. Safe and modern infrastructure with smart funding

AmCham EU welcomes the recognition of transport infrastructure as a core enabler of the competitiveness of the European economy and look forward to the implementation of the right tools and frameworks to nurture sustainable growth and jobs through mobility.

The time is right for a new deal on infrastructure investment in Europe

AmCham EU is convinced that further infrastructure investments can no longer be delayed if we wish to maintain and expand Europe's infrastructure at a time when global competitors race ahead to build the growth enablers of tomorrow. Investments in well-functioning transport systems that have adequate connections, reduce congestion and enable innovation should be accelerated. As they open up markets, they can spearhead recovery efforts, create jobs, bring cohesion, build lasting assets, enhance global competitiveness and improve the attractiveness of the EU as a destination for industrial investment.

Over the past number of years, AmCham EU has shared its **concerns over the slow rate of engagement of infrastructure related investments within Europe**. Public investments, notably in the Eurozone, have been affected by a systematic decline during the last few decades, in conjunction with a slowdown in productivity and a decline in economic growth rates. During the crisis, several Member States cancelled or delayed major infrastructure projects. Due to this the risk is now that many of the things that make Europe a great place in which to do business and maintain a high standard of living could be negatively impacted. Reacting to the crisis, European governments went for a rather modest set of national stimulus plans to promote growth, including on average only 0.3% of EU gross domestic product (GDP) for public investment (in which infrastructure is included).

As a result of the crisis, budget consolidation remained necessary in many Member States. Projects were further delayed because of the pressures facing government budgets, at a time when 'productive' public expenditure should instead have stimulated higher rates of growth in the longer term. This environment further influenced the 2014-2020 multiannual financial framework discussions – which should have focused more on seeding growth to avoid a 'lost decade' scenario. As a result, the proposals for a Connecting Europe Facility and other headings linked to infrastructure investment were significantly reduced, although we welcome that the remaining commitments still represent in some cases a significant improvement over the previous multi-annual frameworks.

The European Commission rightly assessed the massive needs over the next decade for infrastructure funding for Europe's transport networks, with estimates of €1.5 trillion until 2030. There is no shortage of investment opportunities to implement European goals and strategies, but there is also no shortage of global competition, as many of Europe's trading partners invest in the development of their transport infrastructure and compete through many initiatives for access to finance and to increase their attractiveness for foreign investment.

Clearly, **the EU's ability to deliver the necessary investments will be the real marker of a successful EU transport policy**. The alternative would most certainly lead to higher-cost solutions in the future. In this area, the **effective management of the prioritisation processes** for competing

infrastructure projects as well as a **balanced approach to permitting procedures** supporting sustainable development is paramount to success.

We believe that **the time is right for a new deal on infrastructure investment in Europe** – both across the Union and at a national/regional level – leveraging the size of the EU and its Single Market, optimising the tools and resources already designed and available, and making the best use of record levels of individual savings and financial market conditions. This task includes building the missing transport infrastructure, implementing the multi-modal links, removing the bottlenecks and modernising the existing transport infrastructure.

There are no free solutions, new sources of financing are required

AmCham EU shares the view that **sustainable growth cannot be built on ever-growing mountains of debt**. There is no doubt that, within the framework of rules set under the Stability and Growth Pact, the European Union institutions and its Member States must continue the strongly needed structural reforms and deliver on the consolidation of public finances through decisive and courageous actions. However, difficult decisions to reduce and control public spending should also be balanced and rewarded by efficient and smart investments into the future to seed sustainable growth.

New sources of financing are required in order to meet the transport infrastructure needs. Back in 2010, we very much welcomed the development by the previous European Commission of new financing sources, such as European project bonds and Public Private Partnerships for major European infrastructure projects. We supported the creation of infrastructure funds using several existing instruments to build a genuine European funding strategy through the Connecting Europe Facility. The experience gained in the European Investment Bank and other partners for transport infrastructure project financing should be fully leveraged. Risk sharing mechanisms, subordinated debtors and credit enhancement techniques offer vast potential.

AmCham EU strongly welcomed the commitment from European Commission President Jean-Claude Juncker to present an ambitious Jobs, Growth and Investment package within the first three months of his mandate, with a **strong focus on additional investment in infrastructure**. We called on the European Parliament and the Council to reach a timely agreement on the European Commission's proposal for a **European Fund for Strategic Investments (EFSI)**. AmCham EU members are convinced that effectively managing prioritisation processes for competing projects will be paramount to success. We were pleased to see that economy and finance ministers endorsed EFSI, supporting a non-politicised governance system that will reassure private investors. We hope that a close cooperation with the European Parliament will enable the implementation of EFSI by the summer as called for by EU Commission President Jean-Claude Juncker.

AmCham EU, however, continues to stress that these new developments can only be valuable additions to the toolbox and not a substitute to structural issues. They **cannot replace the Member States' responsibilities to maintain a high level of productive public investment** and cure the inertia in implementing much needed structural reforms. New financing techniques should come with a level of **additionality** if they are to help bridge the infrastructure-financing gap. Europe needs an overall strong commitment to fund the initiatives it jointly decides upon and to deliver results. As such:

- The completion of **Trans-European networks** should be backed by adequate budget prioritisation at European and National levels;
- A **strong regional policy** should continue to improve European cohesion through well-managed structural funds;
- Based on the successful impact of the €10 billion capital increase of the **European Investment Bank** engaged in the past years, a further increase in the EIB's capital could be considered;
- When infrastructure usage charging schemes or taxation plans are developed, the **earmarking of revenues** generated from the use of infrastructure should be the rule and must contribute to secure adequate infrastructure funding.

Prevent market distortions

As the European Commission rightly identified the market for infrastructure financing is a very complex construction with specific requirements and long-term needs. The financial crisis also had a clear impact on investor behaviour and on the attractiveness of several instruments and markets.

All efforts should be geared towards fully understanding the specificities of infrastructure financing and assessing the impact of new sources of financing. In any case, **the introduction of new tools should not lead to financial market distortions or market access restrictions.**

In parallel, the definition of the right price signal and the internalisation of externalities **should not lead to the introduction of forced shifts between transport modes.** AmCham EU strongly believes that any transport policy must be cross-modal in design, since modal shift is neither possible nor suitable in the very large majority of traffic flows. On the contrary, effective co-modality allows the full supply chain – including customer expectations – to be considered, while each transport mode competes fairly on the basis of its own advantages and challenges.

Infrastructure charging and taxation should allow all transport modes to be developed fairly in order to make co-modality work effectively in the transport mix and to ensure mobility and transport security. AmCham EU deplores that the revised Eurovignette fails to meet proportionality, effectivity and transparency principles. AmCham EU therefore urges the European Commission to propose a new road charging framework which ensures interoperability between the various schemes, is EU-wide harmonised and is cost-effective as well as aimed at internalising external costs of all road users and all modes of transport. It is crucial that earmarking provisions shall guarantee that *i.* 100 % of the revenues are invested in measures to decrease the external costs of that particular transport mode and *ii.* that there is transparency in the use and deployment of these revenues. It is also important to promote innovation by ensuring technology neutrality. The market should decide the best new solutions to solve current challenges with the help of intelligent systems and be facilitated by harmonised standards and administrative procedures.

A large part of the infrastructure also needs to support the greening of the economy and the move towards decarbonising transportation. Rather than penalising, policies and measures should **encourage and reward actions that reduce absolute carbon emission levels.** Moreover, regulatory uncertainty and a rigid attitude towards carbon emissions mean that investors can be discouraged from making the necessary improvements and investing in the infrastructure to support new technologies.

Policymakers, market players and researchers should act together to research and identify the most promising alternatives. This could entail financing through instruments such as an Innovation Fund at EU level.

4. The external dimension

As the 2011 White Paper recognised, transport is fundamentally international.

While the massive underinvestment in infrastructure development is a critical challenge for Europe at home to develop growth and jobs within the Single Market, European institutions and Member States should not underestimate the need to **build stronger transport connections with the Union's global partners** through infrastructure investment. The development of transport connections with and through **strategic third-countries** has obviously a huge impact on Europe's access to raw materials and ability to trade in the global economy while leveraging global supply chains. Transport infrastructure is a significant dimension of the European Union's External Action.

Without continued support for transport infrastructure investment, notably through the instruments for pre-accession assistance, the funding and technical assistance tools or development banks, the **enlargement process** will be made much more difficult for accessing, candidate and potential candidate countries that have to demonstrate they will be able to play their full part as potential members of the European Union.

In addition, transport infrastructure investment remains at the heart of a successful **European Neighbourhood policy**, especially to bring Eastern-European partners closer to the EU through the Eastern Partnership and to further promote economic integration and democratic reform to the EU's south through the Euro-Mediterranean Partnership.

Transport infrastructure investment must also remain one of the core intervention areas embedded in the European Union's **development policies**, and supported by the relevant funding. Better transport systems contribute to the development of local capabilities. Poor infrastructure hampers growth and the ability of many developing countries to trade in the global economy and improve the standard of living for their populations.

AmCham EU also continues to recommend that measures to address aviation and shipping emissions are best taken at the international level - rather than through regional solutions - under the auspices of the ICAO for air transport and the IMO for maritime transport.

On aviation, we are of the view that the aviation ETS Regulation approved in 2014, extending until 2016 the current "stop the clock" derogation for international flights to allow enough time to ICAO to agree on a global scheme to address aviation emissions by the 2016 ICAO General Assembly, represented a pragmatic decision that created a positive momentum towards a global solution.

We strongly welcome the European Commission active engagement in the ICAO discussions on a global market-based measure taking place in the Environmental Action Group (EAG) and the Global Market-measures Task Force (GMTF), and we encourage the European Parliament to also support the ICAO process.

AmCham EU urges all stakeholders to build on ICAO progress toward developing a global scheme and to maintain a spirit of constructive international cooperation ahead of the next ICAO Assembly in 2016 in order to achieve by 2020 a global solution to the global problem that aviation emissions pose.