

Comments to the public consultation on the Combined Transport Directive

The Combined Transport Directive (CTD) is the EU's instrument to shift from road freight to lower emission transport modes such as maritime, rail and inland waterways. The Directive, which dates to 1992 is being revised partially because it is deemed not to be effective and also to align with the European Green Deal. To achieve its climate goals, the European Union needs to reduce greenhouse gas emissions in its transport sector by 90% by 2050. The revision of the Directive will complement other recently adopted initiatives such as the Naiades III Communication on inland waterways policy as well as the revisions of the TEN-T Guidelines, the Rail Freight Corridors Regulation, the Weights and Dimensions Directive, and the foreseen action for a common EU framework for greenhouse gas emissions accounting in transport and logistics. With the revision of CTD, the Commission seeks to simplify the rules for combined transport and to make it more attractive through economic incentives.

The island-periphery dimension

Malta is an island-state of 316km² with a population of around 500,000 people. Being located in the Mediterranean Sea, Malta is a peripheral member state of the EU. With no land bridge to mainland Europe our economy is almost entirely dependent on imports and exports. The European Union is the most important trading partner for Malta with 55% of imports and 40% of exports directed to or from the European Single Market¹. Malta's remoteness and geographical size brings with it other challenges such as lack of economies of scale that results in connectivity limitations and reduced frequency in established routes. This negatively impacts local industry as it is part of global supply chains and therefore needs continuous access to raw materials and goods to meet production deadlines as well as regular transport schedules to export. This also impacts the local economy in general as local retailers depend on replenishing stocks such as food stuffs (80% of food consumption is imported) and 'Just in Time' (JIT), which is fundamental for our economy. The absence of reliable transport solutions therefore makes an already daunting task of operating from a small island-state even more difficult to maintain international competitiveness, risking economic attractiveness and stability, which can be of detrimental to thousands of jobs.

¹ Malta National Statistics Office May 2022

The assumption of inevitability of non-road legs in combined transport from islands

We note that in a reply to a European Parliament question on 14th March 2022 with reference E-000207/2022, the European Commission stated that *“in the case of transport to and from islands, intermodal transport is already inevitable, so its share is unlikely to be further influenced by any road support measures.”*

We disagree with this assessment. Firstly, one must differentiate between an island forming part of a larger member state and an island-state. In the case of the former, it is the national Government’s responsibility to ensure sufficient connectivity between the mainland and its own island/s. This is often secured through national public operators or through private concessions based on terms that secure sufficient connectivity to ensure a frequent and permanent link. In the case of island-states such as Malta, connectivity is entirely dependent on market conditions and economic viability of private sector operators. Furthermore, Maltese operators are at a disadvantage to other nearby islands such as Sicily with a population of 5 million, whereby the Italian Government supports transport operators, including rail and road, through regional aid schemes such as Marebonus and Ferrobonus that subsidise transport costs. This puts Maltese operators at an uncompetitive playing-field and the Maltese consumer at a disadvantage compared to immediate neighbours within the European Single Market.²

Secondly, from an economic perspective, larger member states have the possibility to focus industrial growth in strategic locations, which most often are not islands. On the contrary, island-states such as Malta do not have this choice. Nonetheless, industry is crucial for its economic diversification, and in fact, as proven in the recent crisis, it was one of the most resilient sectors while other major contributors to the economy such as tourism were drawn to a halt by the pandemic.

Another important factor is that Maltese industry and transport operators must rely on the quality, efficiency and reliability of multimodal infrastructure provided by other member states. If the infrastructure is not available, if it feeds efficiently only to other national locations, or if it does not operate optimally to meet industry demands in terms of schedules, one is left with no choice than to resort to more conventional road transport solutions. To this effect, Maltese operators normally use the port of Genova in Italy as a base for European cross-border operations. But rail from Genova is only possible for limited routes and not efficiently organised to go to France, Spain, Germany, and other EU member states. Furthermore, the rail wagons used currently in Genova are not compatible with the equipment used by Maltese road transport operators as the equipment used by the latter is for high volume cargo.

² <https://www.themeditelegraph.com/it/transport/road-rail-air-transport/2022/03/21/news/marebonus-e-ferrobonus-l-alis-ascoltate-le-nostre-richieste-1.41317476>

Moving freight from Malta to the port of Genova is not an inevitable non-road leg. While short sea shipping or road transport are more or less equal in terms of cost from Malta to the north of Italy, in this case short sea shipping is the most environmental multimodal alternative that bypasses thousands of kilometers of a road-leg journey from the south to the north of Italy via Sicily. This is therefore a conscious choice made by Maltese transport operators despite there is no real incentive for road transport.

The revision of the Combined Transport Directive

After making the case as to why non-road leg journeys from island-states should not be considered as inevitable in the context of the Combined Transport Directive, we hereby provide our views as to what should improve from the current framework to make multimodal transport more attractive.

We fully support the EU's climate policy and believe that the CTD is a strong instrument to help meet these objectives. Therefore, the first focus of the revision of the CTD should be on incentivizing investment to build state-of-the-art infrastructure that is compatible with multimodal operations and in line with the TEN-T guidelines.

By the Commission's own admission in the public consultation document, journeys of short and medium distances of up to around 700km "road only transport is often cheaper, faster and easier to organize". Therefore, as the organization of combined transport is a voluntary option, the uptake could only increase if the network of multimodal infrastructure makes journeys economically viable and timely across all EU member states.

A journey currently falls under the CTD where a non-leg exceeds 100km as the crow flies and where the initial or final road transport leg of the journey is within a radius not exceeding 150 km as the crow flies from the inland waterway port or seaport of loading or unloading.

In our view, considering the insufficient network of multimodal infrastructure in the EU (including where it exists in some cases monopolized); and considering the reality that journeys of around 700km are cheaper, faster and easier to organize via road transport; we propose that where the 100km non-road leg criteria of a multimodal journey is met, road legs accepted under the CTD are extended to 700km in order to incentivize operators to consider more multimodal alternatives to complete the route.

Furthermore, based on the points raised above, it is imperative for the CTD to establish that a non-road leg journey from mainland Europe to islands is to be recognized as a multimodal journey within the framework of the CTD. This will provide legal certainty and a level playing field for manufacturing operators located on islands and particularly island-states.

Another important aspect to consider when revising the CTD is the economic incentives provided for operators to take-up multimodal journeys. To start with, economic incentives must address

providers of all means of transport, including road transport operators. Such incentives that could be considered include: more flexibility with regards to maximum truckload weight, the type of cranable semi-trailers used, traffic ban removals, rebates on infrastructure charges/tools and fuel, and grants for retrofitting of vehicles used for combined transport.

The Malta Business Bureau (MBB) is the EU advisory organization for The Malta Chamber of Commerce, Enterprise and Industry, and the Malta Hotels and Restaurants Association. The MBB is a partner of the Enterprise Europe Network.