

## SUMMARY

A carrier are allowed to transport goods (and passengers) in their own country and also, under certain conditions, in other member states of the EU. This is called cabotage. In the Transport Council of 17 December 2009, the Dutch Minister of Transport suggested that liberalisation of the cabotage market in road haulage could contribute to less empty driving of trucks and to the reduction of CO<sub>2</sub>-emissions. In order to verify this, the Netherlands Institute for Transport Policy Analysis (KiM) analysed the potential impact of lifting current restrictions in the EU.

Road cabotage accounts for about 0,9% of the total road transport in the EU, in volume 17,5 billion tonnekilometres. The total volume of road cabotage has doubled since 2000, whereas the share of road cabotage in national road transport has increased from 0,9% to 1,2%. Road transport in the EU made 183 billion truck kilometres in 2008, approximately 24% of which with trucks carrying no load.

### *The impact on CO<sub>2</sub>-reduction*

The volume of cabotage and the impact on CO<sub>2</sub> are estimates, based upon statistical data for EU-27 with 2008 as a reference year. Due to time constraints, this analysis is based on the following assumptions:

- Liberalisation will lead to more competition, lower tariffs and therefore more efficient operations;
- More efficient operations will lead to a reduction of trucks carrying no load and therefore of CO<sub>2</sub>emissions.

It was not possible to provide empirical evidence for these assumptions, given the short period of time available and because of a lack of reliable data. The impacts of changes in road cabotage are therefore based on assumptions.

### *Two situations*

Two situations are considered and compared to the reference year 2008, that are the new EU-legislation and further liberalisation of cabotage, as an add-on to an international trip. As from 14 May 2010, new EU legislation will allow some liberalisation of cabotage, though still containing explicit restrictions. Implementation of this new EU legislation is likely to cause an increase of cabotage from 1,2% up to 2,4%. Further liberalisation of cabotage will probably cause an increase from 1,2% to a maximum of 4,8%, comparable with the share of cabotage in Belgium. This percentage is technically feasible in the EU but is chosen to show the upper limits for CO<sub>2</sub> reduction by cabotage.

#### *Situation 1: The new EU-regulation*

When cabotage increases to 2,4% by the new EU-legislation, it has the potential to decrease empty vehicle kilometres with 0,7%, corresponding with a reduction of CO<sub>2</sub>- emissions up to 0,5% of total road transport. Taking international road transport as a reference, this reduction amounts to 2,5% in vehicle kilometres and to 2,0% in CO<sub>2</sub>-emissions.

#### *Situation 2: further liberalisation of cabotage*

When cabotage increases to 4,8% by further liberalisation of cabotage (as an add-on to an international trip), it reduces the total volume of vehicle kilometres with up to 1,9%, consequently reducing CO<sub>2</sub> –emissions up to 1,6%. Taking international road transport as a reference, these figures amount to 7,8% and 6,2%, respectively.

*Technical options*

All in all, liberalisation of cabotage has a potential to reduce CO<sub>2</sub> -emissions from road transport up to 1,6%. This is almost negligible when compared to other options such as energy-efficient tyres and cleaner fuels. However, although these options are more effective, they are significantly more expensive.

*Further research*

This preliminary analysis provides a range with an upper limit for EU-wide CO<sub>2</sub>-reduction from cabotage liberalisation. A more reliable assessment of responses in the freight transport market and more reliable estimates of the impact on empty driving and CO<sub>2</sub>-emissions would require further investigations. However, it is very unlikely that such research would yield higher figures. Firstly, because of the imbalance in transport flows there will always be a certain level of empty driving. Secondly, lower tariffs in road transport can lead to a shift from less CO<sub>2</sub> emitting modes as rail and waterborne to road. This modal shift and its impacts have not been investigated.