



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 29 May 2007

**9943/1/07
REV 1**

**TRANS 183
COMPET 159
ENV 284
ECO 77
ECOFIN 231
ENER 150
RELEX 383
RECH 150
EDUC 96
SOC 230
TELECOM 72
MI 136
IND 52
MAP 17
FISC 87**

REPORT

from : Secretariat General of the Council

to : Council

No. prev. doc. 9606/07 TRANS 161 COMPET 145 ENV 264 ECO 68 ECOFIN 204 ENER 139
RELEX 352 RECH 138 EDUC 93 SOC 208 TELECOM 67 MI 124 IND 50
MAP 15 FISC 72

Subject : Council Conclusions on a European energy strategy for transport (Lisbon strategy)

A. Introduction

Building on the Council Conclusions on the contribution of the transport sector to the Lisbon strategy of 19 February 2007, the Conclusions of the European Council on energy efficiency and renewable energies of 9 March 2007 and the discussions on several aspects of climate change which have taken place in the Transport Council of 22 March 2007, the German Presidency considered it appropriate for the Council to develop a European energy strategy for transport in order to ensure a supply of energy for transport that is secure and affordable in the long term and compatible with the policy on climate change. To this end, the Presidency has chosen to present a set of Council Conclusions on a European energy strategy for transport.

B. State of play

The Presidency draft Conclusions, which contain both horizontal and sectoral elements, have been examined by the Working Party on Transport - Intermodal Questions and Networks in two meetings. On the basis of oral and written contributions from Member States, changes were made to the text of the initial draft Conclusions. On 23 May 2007, the draft Conclusions were examined by the Permanent Representatives Committee and further changes were made. CZ, HU and SK entered a reservation. The text of the draft Conclusions, as it currently stands, appears in the Annex to this report.

C. Conclusion

The Council is therefore invited to examine the outstanding issues and to adopt the draft Conclusions set out in Annex to this report at the TTE Council on 6/8 June 2007.

DRAFT**Council Conclusions on a European energy strategy for transport**

Following the Conclusions of the 9 March 2007 European Council on energy efficiency and renewable energies to reduce emission of greenhouse gases, the transport sector also has to make its significant contribution to the implementation of these decisions. Therefore, the Council considers it necessary to develop a European energy strategy for transport, in order to ensure a supply of energy for transport that is secure, sustainable and affordable in the long term, as well as a demand that is environmentally conscious. Both should be compatible with policy on climate change. Since measures contributing to this may have a considerable impact on mobility in Europe, transport sector considerations need to be reflected to a greater extent in high quality impact assessments, prior to any decisions on the implementation of such measures. At the same time, it should be ensured that only fair and cost-efficient measures will be realized.

The Council points out that energy efficiency has a vital role to play in achieving the aim of a substantial reduction in CO₂ emissions. The Council, therefore, urges the Commission to continue the implementation of the Energy Efficiency Action taking due account of the priorities set out by the Council.

In addition, supporting alternative and renewable fuels, efficient drive trains and intelligent measures to optimize traffic flows opens up a wide range of possibilities for the development of new technologies. In the long run this will make European industry even more competitive in these fields. In any case attention should be paid to ensure that measures will not lead to undue competitive disadvantages for small and peripheral Member States.

Given the expected growth rates in transport – approximately 50% between 2000 and 2020 in the freight sector alone – the Council believes that the priorities for a European energy strategy for transport are as follows:

- improving the energy efficiency of all modes of transport;
- increasing the use of alternative and renewable fuels along with efficient drive trains;
- designing instruments to promote transport user behaviour that is energy conscious and climate change conscious;
- promoting integrated transport systems and planning to minimise energy use in transport.

In addition to enhancing efficiency within the individual modes of transport, and with a view to achieving shifts, where appropriate, to more environmentally friendly modes of transport, the Council also considers intermodal measures necessary. This would require, in particular, optimal interlinking of modes by means of telematics applications or logistics concepts, as well as encouraging the use of Marco Polo. Moreover, urban planning measures, promotion of local public transport and construction of cycle tracks can also contribute, together with market-based instruments, to reducing fuel consumption significantly. In the context of a sustainable European transport policy, it is noted that the Commission is engaged to present, no later than 10 June 2008, a generally applicable, transparent and comprehensible model for the assessment of external costs to serve as the basis for future calculations of infrastructure charges accompanied by an impact analysis of the internalisation of external costs for all modes of transport. The provision of sufficient funds for infrastructure investment, especially in rail and waterways, is a major prerequisite for attractive services in goods and passenger transport in all Member States.

1. Road transport

Road transport alone accounts for 84 % of CO₂ emissions attributable to transport in Europe. Because road transport in Europe will continue to grow at a significant rate, it is thus especially important that the energy efficiency of road transport be improved. Against this background,

- THE COUNCIL CALLS ON the Commission to configure the planned framework for attaining the target for average CO₂ emissions from the fleet of new cars sold in the EU on the basis of a thorough impact assessment in a way that is as neutral as possible from the point of view of competition, and which is socially equitable and sustainable. It should be framed in such a way as to ensure that all manufacturers continue efforts to make their whole vehicle production more environmentally friendly in a cost-effective way.¹
- THE COUNCIL SUPPORTS the amendment of the Fuel Quality Directive so that the blending of certain biogenic components in conventional fuel can be extended.
- THE COUNCIL WELCOMES the dynamic development of the biofuels market. It POINTS OUT, however, that this development must not lead to consequences that are undesirable in terms of the environment, climate change, the economy or society, and therefore REQUESTS the Commission to submit, as soon as possible, a proposal on the certification of biofuels on the basis of sustainability criteria and their contribution to reducing overall greenhouse gas emissions, designed in a simple, operational manner that avoids any side-effects in the form of unjustified barriers to trade.

¹ The wording of this bullet point has been aligned with the text of the Conclusions adopted by the Competitiveness Council on 21 May 2007. CZ, HU and SK entered a reservation preferring the following wording: " The Council calls on the Commission to configure the planned framework for attaining the target for average CO₂ emissions from the fleet of new cars sold in the European Union, on the basis of a thorough impact assessment in a way that is as neutral as possible from the point of view of competition, **taking into account the diversity of the European automobile industry**, and which is socially equitable and sustainable. It should be framed in such a way as to ensure that all manufacturers continue their efforts to make their products more environmentally friendly in a cost-effective way".

- In view of the ambitious EU targets for biofuels, the COUNCIL CONSIDERS that further Community focus should be given to the demonstration of second-generation production technologies and therefore URGES the Commission to investigate ways to stimulate such demonstration plants. It REAFFIRMS the need for a sizeable portion of the research funds of the Commission's 7th Framework Research Programme to be used for such developments.
- THE COUNCIL RECOGNIZES that European automobile manufacturers have, in recent years, made efforts to improve the energy efficiency of their vehicles, and have also achieved some success compared with manufacturers in other countries. It EXPRESSES its expectation that they will step up their efforts in the research and development of innovative drive trains even further. The Council INVITES Member States to consider creating the right conditions for acceleration of commercialization of innovative concepts, assisted, where appropriate, through the public sector.
- In the longer term, hydrogen and fuel cells are expected to become more viable alternatives to present drive train technologies. THE COUNCIL INVITES the Commission to submit a proposal as soon as possible on the establishment of all Joint Technology Initiatives (JTI) including the one for hydrogen and fuel cells. It CONSIDERS it a matter of great urgency to strengthen Europe's technological lead in this field in comparison with other countries and, in this way, preserve the technological know-how and potential added value this involves. Also electric vehicles might provide an alternative in the long term.
- THE COUNCIL WELCOMES more active use of economic instruments to encourage purchasing of energy-efficient and clean vehicles as well as the development, production and market penetration of alternative and renewable fuels.
- THE COUNCIL SUPPORTS the Commission's plan to improve the energy efficiency labelling of new passenger cars.
- THE COUNCIL considers also important to influence transport users' behaviour.

2. Air transport

Air transport is currently the mode with the highest growth rates. Globalization and the growth of trade, particularly with the developing countries of the Asia-Pacific region, mean that the importance of aviation as an international mode of transport will continue to increase. The Council recognizes that the aviation industry has already made major efforts to improve energy efficiency. Starting from a comparatively low level of energy consumption and greenhouse gas emissions today, and given the forecast growth, the right signals have to be sent now both to improve the energy efficiency of air transport still further and to ensure that it makes a meaningful contribution to combating climate change. Against this background,

- THE COUNCIL SUGGESTS that thorough consideration be given to assessing the technical and economic feasibility and the environmental implications of using alternative and renewable fuels. Ensuring safety should be the key issue when considering the feasibility of such fuels for air transport.
- THE COUNCIL VIEWS the inclusion of aviation in the European Union emissions trading scheme as a cost-effective and promising way of limiting CO₂ emissions from aviation and a key element of a comprehensive approach to managing aviation emissions. It will continue to examine the details of the formal proposal presented by the Commission [COM(2006)818]. However, it CONSIDERS it essential that ICAO policies facilitate rather than discourage the non-discriminatory application of such schemes and will ensure coordination of a European position for the ICAO Assembly on this basis.
- THE COUNCIL CONSIDERS the implementation of the Single European Sky and SESAR projects for the optimization of air routes and air traffic management to be a further key element of a comprehensive approach to reducing aviation greenhouse gases, taking into account the initiative undertaken by ICAO to consider the introduction of measures related to ATM implementation plans.

3. Maritime shipping and inland waterway transport

Maritime shipping and inland waterway transport, as generally energy-efficient modes with a high degree of “mass capability”, should take up a growing proportion of freight transport operations, since in this way it can make a major contribution towards improving the energy efficiency of the freight transport sector. Against this background,

- THE COUNCIL REAFFIRMS that the environmental compatibility of shipping has to be further improved in a holistic way, by also taking into account the effect on the total logistic chain, to ensure the environmental sustainability of growth of this efficient mode of transport.
- THE COUNCIL WELCOMES the fact that, IMO is addressing the issues of air pollution and CO₂-reduction with a high level of priority, to achieve global solutions which it deems preferable. IT STRESSES that according to Assembly Resolution A.963(23) appropriate measures to reduce CO₂ emissions should be developed by IMO and INVITES Member States to contribute actively to that end.
- THE COUNCIL EMPHASIZES that MEMBER STATES should strive towards a revised MARPOL Annex VI which sets ambitious emission limits that go significantly beyond the present regulations and sets out a clear, predictable and global framework for international shipping, supply industry and other industries involved. IT FURTHERMORE UNDERLINES that Member States should strive towards the introduction of a fuel oil specification standard. THEREFORE, THE COUNCIL encourages the MEMBER STATES to consider all possible options and their consequences, and in particular to take into account all possible adverse side-effects to the environment by possible emission reduction measures.
- THE COUNCIL REAFFIRMS that the reduction of sulphur, NO_x and particulate emissions is also required in the inland waterway transport sector to ensure that, in the future, it has better opportunities in the competition between the modes, not only as an energy-efficient but also as an environmentally sound alternative. IT therefore WELCOMES the fact that the Commission has proposed a further reduction of the percentage of sulphur as part of the amendment to the Fuels Directive, but SUGGESTS that consideration should be given to whether this should take place in several stages. At the same time, the possibility of blending biogenic fuels with "conventional" fuels should also be examined.

- THE COUNCIL CALLS FOR speedy implementation of the Integrated European Action Programme for Inland Waterway Transport (NAIADES) by all actors and, in particular, INVITES THE COMMISSION to submit appropriate legislative proposals.

4. Rail transport

Given the continuing growth in transport in Europe, rail transport can make a significant contribution to reducing energy consumption and thus CO₂ emissions from transport. In this context

- THE COUNCIL RECALLS that, over the last decade, most railways in the EU have reoriented themselves and developed into efficient transport undertakings that meet the demanding requirements of a European transport market. This development must be exploited to achieve climate change objectives. THE COUNCIL INVITES the railway undertakings to contribute themselves to the further improvement of energy efficiency, in particular by developing and using innovative technologies and practices.
- THE COUNCIL REAFFIRMS the need to continue with the sectoral measures that have been launched, especially with regard to market access and technical interoperability. However, it CONSIDERS further efforts to be necessary in order to strengthen the railways in the competition between the modes, including the further development of networks.

