

# Cefic supports the proposal for a revision of the Combined Transport Directive. If its implementation is aligned with all proposals from the Greening Freights Package, it will support the modal shift to rail and inland waterways.

Combined Transport (CT) will be a significant contributor to achieving the EU Green Deal's ambition to reduce transport GHG emissions by 90%. Cefic supports the ambition to increase the modal shift from road to rail, inland waterways (IWW) and short sea shipping (SSS). The proposed revision of the Combined Transport Revision provides important support to the modal shift, in line with our sectors' discussion paper<sup>1</sup>. However, the shift to rail or IWW needs the collective implementation of the proposals from the Greening Freight Package, resulting in competitive and reliable alternative modes.

## The issue

There are 4 main action areas to make CT chemical producers' first choice: (1) CT services to be focused on satisfying end-customers' needs at all times, (2) CT to be competitive compared to road transport, (3) adequate network infrastructure must be in place both to access rail or IWW as well as capacity to enable reliable and efficient execution of main legs, and (4) CT transport chains to be fully digitalized end-to-end, enabling seamless information exchange and optimization of operational execution.

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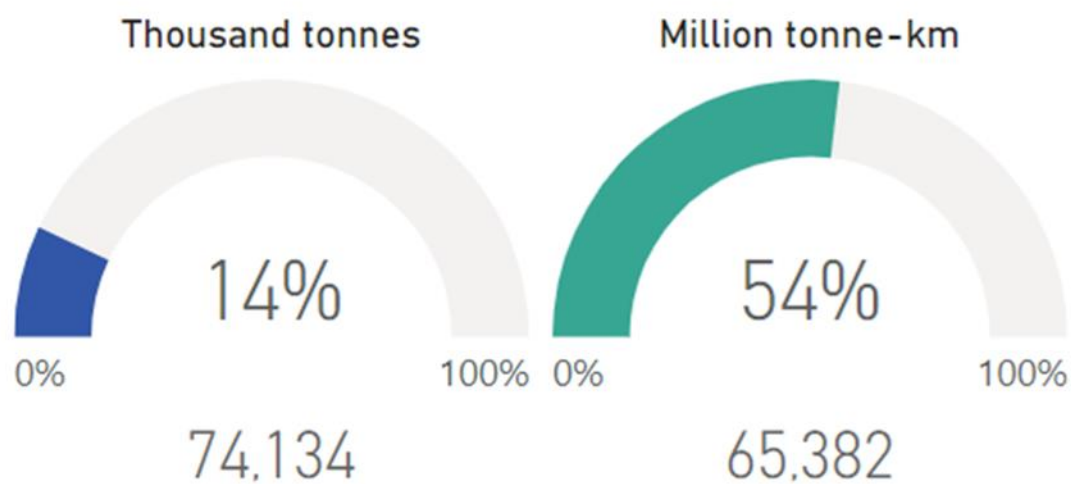
<sup>1</sup> <https://cefic.org/app/uploads/2022/02/Cefic-requirements-and-recommendations-to-boost-Combined-Transport-Cefic-position.pdf>

This clearly shows that modal shift relies on **availability, efficiency and reliability** of rail and IWW, and on the **combined implementation** of many Regulations and Directives, such as this Revision of the Combined Transport Directive, the Regulation on the use of rail infrastructure capacity, the weights and dimensions Directive, the Regulation on an EU emission accounting methodology for transport, the Revision of the TEN-T guidelines and the eFTI Regulation. Provisions which enter into force too late, could limit the modal shift potential.

## What is at stake for the chemical industry

The chemical industry supports the EU Commission ambitions to reduce transport emissions with 90% until 2050. One element to achieve this target is a substantial modal shift from road to rail or IWW in the coming decade. Currently, the share of road, rail and IWW in the chemicals distribution network is around 72%, 18% and 10% respectively. But there is a clear potential for modal shift. For example, more than 50% of chemicals road transport is over 500 km distance which could be partly shifted to intermodal rail.

### Long distance (>500 km) road transport of chemicals in EU\*



\*Cefic analysis based on Eurostat information for EU27, relating to the year 2022.

## Key challenges

- The **alignment of implementation** of the different legislative proposals from the greening freight package, the eFTI Regulation and the TEN-T Guideline revision is a prerequisite for industry to implement the modal shift. The availability, efficiency, and reliability of rail and IWW services must be on a level that they can compete with the unimodal road alternative.
- The **external costs of unimodal road freight** transport will decrease over time, as the sector is quickly decarbonizing, in line with the CO2 standard for heavy duty vehicles (HDV). This effect must be reflected in the external cost savings of 40% to be achieved via modal shift from road to rail and IWW.
- Some member states have more **CT supporting mechanisms** in place than others. Requesting 10% cost reduction effort from all members states, might not be ambitious enough for some MS and very ambitious for others. The cost of intermodal transport is also dependent on the cost and availability of terminals, rail infrastructure,... In general, Cefic believes that the cost competitiveness targets for rail, barge or SSS should be achieved much earlier than 7 years after adoption.
- The **impact assessment on the national policy measures** and the modal shift performance must be revised more regularly than after 7,5 years and then every 5 years. Otherwise, it will not be possible to timely react on market evolutions and to achieve the modal shift targets as defined in the smart and sustainable mobility strategy (+50% for rail and +25% for IWW until 2030).

## Proposed solutions

1. The suggested targets in Article 3a to increase competitiveness of intermodal transport need revision:
  - In general, rail, IWW and SSS should be cost competitive compared to road as from 500km, 200km and 700km respectively, as targeted in the impact assessment.
  - This distance based target or minimum 10% cost reduction should be reached within 5 years (Art 3a par 2a) The distance target should be achieved in all member states until 2030.

2. The implementation and revision timing of national policy measures need to be more ambitious not to compromise the growth targets for rail and IWW. Cefic proposes the following timelines after entry into force of the revision:
  - Art 3a par 1- Adoption of national policy measures : after 18 months
  - Art 3a par 7- Assessment of national modal shift and effectiveness of policy measures : every 3 years
  - Art 5 par 2- Review by the Commission of EU intermodal situation : after 4,5 years and then every 3 years
3. National policy measures should in particular address the cost of transshipment. This cost forms a substantial part of the total intermodal cost<sup>2</sup>. Not only the container handling is part of the total terminal cost, also the idle time cost for the train, truck, drivers,... influences the competitiveness of intermodal operations compared to road only distribution.

## Conclusion

Shifting goods from road to rail, IWW or SSS is not a plug and play exercise. It requires a combination of regulatory and economical measures, which need to be implemented collectively. The proposed Revision of the Combined Transport Directive meets the expectations from the chemical sector, as set out in our discussion paper and feedback to the public consultation. However, some provisions should be revised to achieve the modal shift targets from the Smart and Sustainable Mobility Strategy: 1/ faster implementation of national policy measures to improve the competitiveness of intermodal transport compared to road transport, and 2/ more frequent assessment of the state of play and impact of the measures taken.

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<sup>2</sup> <https://op.europa.eu/webpub/eca/special-reports/intermodal-freight-transport-08-2023/en/>