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EUROPÄISCHE UNION DES HANDWERKS UND DER KLEIN- UND MITTELBETRIEBE
EUROPEAN ASSOCIATION OF CRAFT, SMALL AND MEDIUM-SIZED ENTERPRISES
UNIONE EUROPEA DELL'ARTIGIANATO ET DELLE PICCOLE ET MEDIE IMPRESE

UEAPME TRANSPORT FORUM

Considerations of UEAPME on sustainable urban transport

General comments:

Transport is a crucial factor of our economic and private lives. It enables the division of labour and the provision of goods and services to end-users. Increasing problems regarding pollution, congestion and climate change, in particular in large urban areas have clearly demonstrated to limits of today's systems. The increasing mobility of people and rising trade flows, both forecast by all experts, will require new transport solutions.

UEAPME therefore welcomes the wide discussion launched by the European Commission and emphasises its intention to actively contribute to this process. Thanks to its vast national and sectoral network, UEAPME is able to present a holistic view on the effects of transport-related issues on craft and small and medium-sized enterprises. Hence, the UEAPME position incorporates the views of SMEs as

- manufacturers in urban areas;
- retailers in urban areas;
- personal transport service providers;
- haulage contractors;
- manufacturers of specialised vehicles

SMEs – backbone of urban economic and social activities

As it will be demonstrated further down, SMEs are particularly affected by problems in urban transport, but also by premature measures aiming at limiting urban transport without weighing up all economic consequences. While large manufacturers usually establish the production sites in the outskirts of urban areas (green-field developments), many small manufacturers still maintain production in densely populated areas. In these areas, one can also find most of the small retail shops and service providers. In other words, a significant part of the economic activity of urban areas depends on SMEs.

They offer short ways to their employees and clients and hence contribute to reducing traffic. And last but not least, they guarantee life style and well being for urban dwellers in sharp contrast to large faceless shopping centres in suburban areas.

SMEs prepared to contribute to sustainable urban transport

The first concern of a small enterprise is survival by maintaining competitiveness. If this is not jeopardised, the enterprise will be prepared to contribute to a more sustainable urban environment. As it will be outlined further down, excessive costs for clean technologies could be

reduced by fiscal or financial incentives. However, today's markets do not offer clean vehicles adapted to the needs of professionals.

Subsidiarity must be the prevailing principle

UEAPME believes that local administrations are in the best position to handle these matters as efficiently as possible. In view of the diversity of urban areas throughout the whole European Union, common EU rules are bound to work well only for some cities, while they might be completely inappropriate for other urban areas. UEAPME expects that the Commission takes its commitment to the principle of subsidiarity seriously and restricts its measures on urban transport in a way that leaves all the major competences in the hands of local and federal governments.

Still the European Union has an important part to play in the discussions:

- the EU would be the most appropriate place to organise an extensive exchange of ideas and best practice. UEAPME is prepared to contribute with the vast experience of its members.
- the Green paper could analyse the effects of EU environmental rules (ambient air etc.) on the economic activities in cities.
- European funds (in particular structural funds) could be better targeted once stakeholders have agreed on major action lines for a more sustainable urban transport policy.

SMEs concerned about new burdens

Craft and SMEs are concerned that new policy means new financial and / or administrative burdens. It is common sense that compliance with rules requires ten times more staff resources per employee in micro-enterprises than in large companies. Additional burdens would hit SMEs most.

Hence, UEAPME opposes EU initiatives leading to new burdens and penalising SMEs located / working in densely populated areas, although they help keep cities alive. Stimulated policy measures should reward forerunners rather than burdening enterprises in general.

What are the effects of the current traffic situation in urban areas on SMEs?

The traffic situation in urban areas is not perceived as equally difficult by all craft and SMEs. Serious problems are usually limited to large cities. Consequently, countries like Finland, Sweden and Austria feel less concerned than France, Belgium, the Netherlands or Germany.

UEAPME members could not easily present exact figures on the additional costs caused by traffic problems in major urban areas. One estimation of the costs for deficiencies in the transportation system for the Stockholm area is roughly 1 billion EUR p. a. In Helsinki, the economic losses are estimated at 20 million EUR p. a.

Economic losses for craft and SMEs are caused by three major problems:

- **Higher wage costs**
Driving times for haulage contractors increase leading to higher wage costs. Furthermore, as the time spent in traffic jams is considered as driving time, EU rules on rest times oblige drivers to take breaks even if the goods are not delivered.
- **Higher fuel costs**
Driving on congested roads leads to higher fuel consumption (and environmental damage). As fuel cost constitute the second highest cost item in the transport business, this can lead to significant losses.

- **Damage claims**

The transport business is usually held liable for damages caused by delayed delivery to the client. Hence, they may be obliged to pay fines. Retailer are in a similar situation.

- **Lower productivity**

Workers and owner-managers having to meet deadlines and being stuck in traffic jams get stressed and, as a consequence, are less productive and more likely to cause quality faults.

The transport business has to bear these additional costs although they will try to pass them on, at least partially, to the client. As outlined above, many of the clients in the densely populated areas of cities are also craft and SMEs (manufacturers, retailers, service providers). Naturally, their competitiveness suffers from delayed delivery and additional costs. Due to traffic problems, transport companies in certain areas have to completely refuse delivery in certain time segments. The competitive disadvantage is similar for craft and SMEs located in densely populated areas and provided services in those areas.

It goes without saying that clients will avoid densely populated areas if the access to retail outlets and other service points becomes too difficult due to traffic problems and a lack of parking space. The businesses working in this area are therefore penalised twice.

Economic winners are green-field developments in suburban areas, such as shopping centres and business parks, although they lead to increased car traffic and increase land-use.

How can urban areas strike the right balance between promoting the use of public transport and individual car / lorry traffic?

Need for long-term planning

Urban areas have to develop a long-term strategy through urban development and mobility plans. The former should stop the continuous urban sprawl which significantly increases the distances between homes, work places and shops. The latter should fix the main principles of the transport of goods and persons in that area relating to traffic, parking and public transport. The plans must strike the balance between the needs for mobility and access on the one hand, and pollution control and public health on the other. This must include a well thought parking system of short-term parking zones, loading zones and night parking space for residents. Intelligent and co-ordinated traffic lights could significantly speed-up traffic in many European cities. Craft and SMEs active in the urban areas must be included in the development of such plans.

This is admittedly a tremendous challenge. Well functioning urban areas must provide an efficient infrastructure for both public and private transport.

Craft and SMEs benefit from efficient public transport

UEAPME wishes to emphasise the importance of competitively priced, dense and efficient public transport networks for the survival of craft and SMEs located in urban areas. They facilitate the access of clients to the points of sale in densely populated areas and help limit car traffic, which can speed up the delivery of goods and services. A number of cities have developed successful solutions. The inhabitants of Amsterdam, for example, are prepared to park their car outside the city ('transferium') and use other ways of transport in the city (bicycle and public transport). Obviously, this system works thanks to specific attitudes and cultural backgrounds. It cannot be simply transferred to other cities.

UEAPME therefore warns of a policy that would ban cars from accessing urban areas. Inhabitants must continue to have the choice between public transport and their private cars.

Use public-private partnerships

The urban strategy should also include the promotion of public-private partnerships. Private transport businesses can take over public services. For example, taxis can be charged with social missions such as the transport of ill or handicapped people. Taxies can also play a part in the normal public transport system by providing minibus services to specific destinations. Successful examples can be found in France.

Craft and SMEs need efficient road network

Craft and SMEs depend on efficient road networks, as no efficient public transport facility can be used today for the transport of goods and waste. Underground, electrical systems can only be functional on the long term (10 –20 years).

On short and midterm, the best way to less lorries (in particular less lorry traffic at peak times) is a better interaction between suppliers, transport businesses and receivers of goods. All local authorities should organise a dialogue between all stakeholders to identify the most appropriate solutions for each city.

A number of possible approaches could be explored in this context:

- Bigger investments in alternative receiving options (key-sharing, goods vaults, early delivery etc.);
- Moving access times for lorries to inner cities outside peak hours and extending load / unload times;
- Development of distribution platforms. However, to this point, pilot projects with distribution platforms have not shown satisfactory results for locally or regionally acting craft and SMEs;
- Opening bus lanes to taxis and commercial vehicles;
- Office parking facilities are less used during the weekend and in the evening. They could be used more efficiently for shopping rush hours (i.e. Saturday);
- Exploring innovative parking solutions. In the long term parking, solutions can be found in automatic parking systems without driving space between the parking spaces.
- Promote a better and wider use of car pooling.
- Creation of joint purchasing structures to optimise supply (examples exist in construction, car repair etc.);
- Collecting tradesmen of different enterprises by one single vehicle to transfer them to the building site. Successful models can be found in construction and other sectors.
- Exploring the practicalities of promoting regional supply chains to reduce traffic. Solutions must avoid market distortions.

The European Union should facilitate the exchange of best practice across Europe. UEAPME members are prepared to pass good ideas on to their member businesses.

UEAPME clearly opposes strategies to promote public transport solely by restricting car traffic. As outlined above, this would lead to a decline in economic activities in densely populated areas and, as a consequence, to a decline of these areas themselves.

What would be the effects of strict demand management schemes such as parking controls and access restrictions?

Any measures that aim at restricting access to urban areas are, in our opinion, problematic and should, if at all, only be used as a last resort in cases of severe traffic predicaments. Craft and

SMEs located in the restricted areas inevitably suffer from cost increases, shops are confronted with a decrease in customer numbers. The consequence is an exodus of companies from the city centres to the outskirts, which can – especially in smaller cities with few tourist attractions – eventually lead to the opposite of what is intended: unattractive, dormant city centres with hardly any companies and marred by decaying buildings. The trend to move from the centres to the suburbs can already be clearly observed in many European towns and cities and would only be intensified by the demand management schemes mentioned above.

Demand management schemes for commercial vehicles:

Again, businesses located in these zones would have to bear the main burden in terms of additional costs, as they cannot avoid circulating in this area, and declining number of clients.

One must also be aware that certain professions (accountants, sales people etc) need specific solutions. For them, the question is not to get to their workplace and back home again by car. They may have 8-10 clients to visit every day, bringing samples or numerous binders with them.

One can distinguish two kinds of access restriction for transport vehicles.

1. Access restrictions on certain moments of the day

Many city centres use such restriction. However, authorised loading and delivery times usually coincide with peak times for commuters leading to slower traffic, higher costs and more pollution. As proposed above, the receivers of goods (manufacturers, shops etc.) should be encouraged to enable delivery outside opening / office hours.

2. Access restriction for lorries above a certain weight

This instrument is also increasingly used for inner cities. However, the restriction does not reduce the amount of goods to be transported. Consequently, one heavy vehicle is replaced by several smaller ones leading to even more traffic. In addition, costs increase if goods have to be transferred from the large to the smaller vehicles and more lorries and drivers have to be used.

Temporary pollution peaks or permanent air pollution (EU directives on ambient air quality) may prompt local authorities to restrict access to inner cities. UEAPME appreciates the need to protect the health of urban dwellers. With a view to reducing the economic consequences, the authorities should develop emergency plans with the business community to ensure the functioning of enterprises located or working in these areas.

Demand management schemes for private cars

For craft and SMEs, such measures can be disastrous. Daily shopping and in-front-of-shop parking is one of the services and distinctions for them. Especially in cities under 40,000 inhabitants, this is their lifeline and competitive edge compared to large urban areas. The mobility of the consumer makes customer loyalty less and less important. The power to introduce parking services (like VIP parking cards etc.) is far too low in relationship to (inter)national corporations. Parking is a **service**, not a goal in itself. Restrictions have a far more negative effect on image than positive stimulation has on the positive side.

Demand management schemes for specialised cars

With a view to complying with the EU directives on ambient air quality, many local authorities restricted or prohibited the circulation of vehicles not meeting certain emission thresholds in urban areas. The rules adopted by the city of Stuttgart, which will enter into force in July 2007, will ban caravans from its territory. Consequently, the 2,400 caravan owners of Stuttgart will no longer be able to leave the city during their holidays. Their investment in these vehicles will be lost. The Ruhr industrial region as a whole is likely to follow and all caravan owners there will

share the destiny of those living in Stuttgart. The caravan manufacturers may lose a significant part of their turnover, although simple solutions have been proposed. For example, caravans may only be allowed to circulate off peak time or exclusively from the owner's garage to the closest city limit. It should be noted that caravans are almost never used for inner city trips. This example shows that demand management systems, if not well thought, may lead to very negative consequences for certain industries and end-users without solving environmental problems.

Parking control systems can help

As outlined above, UEAPME supports the development of well thought parking systems of short-term parking zones, (un)loading zones and night parking space for residents. Such systems must also include the needs of enterprises working in these zones.

Can toll systems for city centres (congestion charge in London, Stockholm...) be part of the solutions?

UEAPME members oppose to the introduction of congestion charges in Europe's major cities. The reasons for this are manifold:

- Congestion charges are perceived as an additional financial burden on enterprises working in or being located in inner cities. It affects their competitiveness as compared to enterprises located in suburban areas.
- Unless it can be guaranteed that the cost savings through more fluent traffic and better infrastructure counterbalance the additional costs relating to the congestion charge, transport to and working within the zones covered will become more expensive and thus less attractive. Unfortunately, the income generated by such systems is unlikely to be used for infrastructure improvements but to cover gaps in municipal budgets.
- Congestion charges do not reduce the overall traffic in urban areas, but shift it to the suburbs where the number of kilometres driven per habitant is usually higher than in inner cities.
- Inner cities which are not highly attractive for inhabitants and tourists may suffer a dramatic loss of clients and hence economic activity.

London experience

London was the first European city to establish a toll system for the inner city. The UK small business associations see the London congestion charge as highly harmful for SMEs.

A survey conducted by the Forum of Private Business in 2005 concludes the following:

- 90% of entrepreneurs say the congestion charge had a negative impact on their turnover,
- 1/3 of the entrepreneurs consider relocation of their business,
- Almost 2/3 of entrepreneurs declared their revenues had diminished since the introduction of the congestion charge,
- Almost 2/3 of the entrepreneurs declared the number of clients had diminished.

A study conducted by the London Chamber of Commerce came to similar results.

The British Heating and Ventilation Contractors' Association consulted its members with the following results:

	Yes	No	No com't
Improvement in vehicle movement:	49 %	38 %	
More congestion outside Zone:	67 %	17 %	16 %
Parking problems improved	3 %		

Stockholm experience

A rational position from an SME point of view could be that using price mechanisms is more market economy compatible than applying other measures (e. g. long queues and time consuming congestion) to distribute scarce resources such as space and clean air. Having said this though, the way the congestion charges were designed during the trial period (Jan – July 2006) in Stockholm, the position of the Swedish SME organisation Företagarna was negative for a number of reasons. The main argument against was that the charges could politically delay necessary investments in the first complete ring-road around the city. Other criticism had to do with administrative burden and certain fiscal rules that meant that a business was charged differently depending on whether it was a company or private car when business errands meant crossing the toll lines.

The readiness to accept congestion charges are generally higher if a clear connection to increased investments in infrastructure is at hand.

After the elections in September 2006, the government has nominated a special person responsible for negotiations with the 26 municipalities in the county of Stockholm on infrastructure investments in the Stockholm region, and the congestion charging is part of these negotiations.

The income from the reintroduced congestion charges/tax in Stockholm are said to be used in partly financing a new by-pass road, "Förbifart Stockholm", which Företagarna would welcome.

As both conditions and reasons for introducing tolls / congestion charges vary between urban areas, Företagarna strongly recommends the involvement of craft and SMEs in all preliminary discussions, the planning process and the designs of systems, if they are introduced.

Can effective information systems help improve traffic management and traffic flow?

UEAPME is of the opinion that effective information systems can help reduce / avoid traffic problems. This should include

- information on space availability of parking facilities;
- information on accidents, road works etc. with alternative routes;
- information on the Estimated Time of Arrival – ETA - to destinations;
- The increase of car navigation systems and combining this with traffic information can be an excellent way to help reduce delay times. But this can attract extra traffic to secondary roads, which the inhabitants of these areas have to be prepared to accept.

For goods transport, controls can be improved, as the logistic department plans the routes of their lorries. Only the small enterprise with its own vehicle has been difficult to reach in the past. However, with the increasing use of GPS and navigation systems in lorries and other commercial vehicles, planning and traffic management can be significantly improved.

On the other hand, road information systems are usually installed along motorways and major arterial roads. As many craft and SMEs are located in densely populated areas and drive around in these areas to see their clients, they can only partially benefit from these systems. Still UEAPME fully supports the further development of such information systems.

How can governments encourage SMEs to opt for lower-consumption vehicles and new propulsion technologies to reduce emissions?

UEAPME supports efforts to promote the introduction of clean vehicles in craft and small enterprises. The current discussion on the sustainability of biofuels and hydrogen demonstrates

the lack of a clear long-term vision. More and better targeted / co-ordinated research work is required.

From an SME point of view, the following points should be taken into account in this context:

- Craft and SMEs need a stable legal environment. The legislator must therefore develop a long-term strategy and policies in its support to allow the business community adaptation measures.
- Today's market offers no or hardly any clean vehicles (vans, lorries) adapted to professional needs. The introduction will also require a dense network of service stations, which is also missing today.
- Craft and SMEs need to be informed about the advantages of clean technologies. UEAPME members are prepared to launch information campaigns in this sense.
- The legislator could oblige car / van makers to reduce emissions / consumption levels. With fuel being the second biggest cost factor in road transport, low consumption represents a major sales argument, which would also justify slightly higher initial purchasing costs.
- Craft and SMEs have to stay competitive. They are only able to invest in clean vehicles if the overall costs do not go up. Only few clients would be prepared to pay a higher price for the same, but environmentally less harmful service. Public authorities should therefore offer financial and / or fiscal incentives for the purchase of clean vehicles. One could also think about special "privileges" like special parking spaces, less parking costs, longer time-frames etc. The Stockholm congestion charge boosted sales of environmentally friendly cars as they were exempted.
- Governments must take realistic depreciation schemes into account. A lorry is not depreciated within three years. Many professional vehicles undergo a certain transformation to adapt them to the specific needs of each business. A significant part of them has a long service life as the annual mileage is relatively low. Existing vehicles should therefore not be penalised by imposing additional taxes / charges on them.
- Upgrading existing vehicles (installing particle filters etc.) should be encouraged by fiscal / financial measures.
- Eco-driving can significantly reduce consumptions and thus costs. Craft and SME organisations are prepared to raise the awareness of their members on this solution.

How could SMEs benefit from integrated intermodal freight transport systems such as city logistics and improved terminals?

Several interesting suggestions have been made under the heading of city logistics and in the area of terminal management, and it is definitely possible that they will become an attractive way of freight transport in the near future. However, most of these are still at an early stage of development, which makes it too early to judge whether they will prove to be both an effective transport alternative and economically viable. If this is the case, SMEs involved in long-distance shipments might benefit from such schemes.

SMEs have different needs

Whilst transport activities for industry mainly focus on repeated shipments from A to B, many craft and SMEs have to move to each individual place of delivery for a product or a service.

Pilot projects with distribution platforms have, at least to this point, not proved as viable alternatives for craft and SMEs. Still, some good examples of city logistics seem to exist in Sweden.

Most craft and SMEs transport goods on relatively short distances or even within urban areas. Due to high transmission costs and time losses, intermodal transport is not a real alternative for them.

Doubts also exist about the extent of “collective” freight transport the client (private, public or business) is prepared to accept. More collective transport means less tailor-made logistics solutions for the client. Obviously, those living / working in densely populated areas would be particularly concerned.

In spite of all current problems, UEAPME sees the need to further explore the practicalities of intermodal transport. Craft and SME representatives should therefore be included in discussion and planning groups at all levels.

What measures can be taken to support integrated land-use and urban transport planning to minimise the need to travel and facilitate collective transport?

Craft and SME organisations must influence local, regional and national authorities to take integrated urban planning into serious consideration. Urban sprawl with remotely located shopping centres and workplaces must be avoided whenever possible.

The best way forward clearly is living close to work. This can only be achieved, when businesses (and thus jobs) are spread over the totality of urban areas instead of concentrating them in a few office districts and suburban business parks.

Today, two thirds of small enterprises are located in urban areas, many of them in or close to city centres. However, increasing prices for land and rent force an increasing number of them to leave the inner cities and, hence, increase the distance between them and their clients. Several measures should be considered to help craft and SMEs stay in inner cities:

- Use urban planning mechanisms to provide sufficient space for craft and SMEs in inner cities at reasonable cost.
- Promote the use of options to purchase for lease contracts signed by small businesses;
- Promote favourable financing solutions for the transmission of small enterprises in city centres;

UEAPME also acknowledges changes in people’s behaviour. The number of households where both people work is (fortunately) increasing. In many cases however, they do not work in the same city. Moreover, due to poor child care facilities (especially when the child is ill or outside ‘normal’ hours), people have to live close to relatives instead of close to their jobs.

Many European cities have a long tradition of integrated urban transport planning and have established efficient public transport systems. In cities such as Stockholm and Vienna, more than 70% of the people working in the city use public transportation. However, public transport in the outskirts of urban areas is costlier and less efficient. Furthermore, in the past, cities and their (often independent) suburbs did not always develop integrated public transport systems making public transport less attractive to commuters. Those mistakes must not be repeated in the future.

Is the increased use of teleworking a real alternative to reduce traffic?

UEAPME believes the increased use of telework could contribute to reduce traffic although only to a small extent. It reduces emissions from commuter cars and the energy consumption of enterprises. In UEAPME’s view, many hopes in this area are overoptimistic.

A number of employment-related issues hamper a stronger use of telework today:

- the measurement of working time ;
- the equipment of the teleworker;
- the transmission of data ;
- the determination of salaries ;
- the protection of the employee in the case of an accident.

As regards the use of telework in craft and SMEs, only few enterprises see this as a real alternative. SMEs usually have relatively few employees. Their strength is that these few people work closely in a team and can take over each others tasks. Furthermore, the overhead in a typical SME is very small. Most people work in production / sales and provide services at clients' facilities. These activities cannot be replaced by telework.

Teleworking is therefore only of interest to a very small group of SMEs.

How can we promote efficient public transport modes for people with reduced mobility?

UEAPME fully supports efforts to render public transport accessible for handicapped people. The technologies are available (adapted busses, lifts etc.) and cities increasingly introduce adapted solutions.

As mentioned above, craft and SMEs can also help by offering tailor-made transport solutions to handicapped people. In particular taxis can play an important role on behalf of the society by offering mobility to people who would otherwise not be easily able to move around.

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