

Persistently low oil price offers opportunities

Following a major drop in the second half of 2014, the price of crude oil averaged well below \$60 for most of this year, with quotes recently falling under the psychological threshold of \$50 a barrel. The subsequent drop in the pump price of diesel, the fuel of long haul trucking, exceeded 30%.

Since Combined Transport relies mainly on electricity for its traction energy needs, which comes increasingly from renewable sources that do not correlate with oil, the low price of diesel acted as a powerful transfusion enabling the reduction of road transport rates. The resulting reverse modal shift can already be seen from the recently released preliminary transport statistics of OECD's International Transport Forum¹ that shows a three-fold growth for road haulage as compared to rail freight already in 2014. And this trend - as may be seen from DB's H1.2015 report - continues.

CEO of leading Italian CT Operator and UIRR member candidate Ambrogio Spa, Mr Livio Ambrogio, explained that the cost saving of a truck on the average distance of a CT train service of about 800km reaches €70. When transposing this to the 35 truckloads forwarded on a single CT train, the figure is well above €2000, which is often more than the margin of the CT Operator on the entire train.

Europe should find ways to reduce its greenhouse gas emissions - especially in its commercial freight transport sector². Simultaneously, most Member States of the EU are short of much needed funding for transport infrastructure development projects. **Both aims could be achieved through the highly overdue reform of energy taxation - a proposal, inherited from the Barroso Commission³, but which has been recently withdrawn.**

The reasons on which the original energy taxation reform proposal was shelved, the \$100 oil price and the economic crisis are firmly behind us. On the other hand the European Fund for Strategic Investment (EFSI) will soon be looking for development projects with a convincing return-on-investment to give the economy a significant impetus for growth. It is obvious that diesel users can afford contributing to this cause through a shift to fair fuel taxation, which at the same time will also discourage the further increase of harmful greenhouse exhaust of trucks.

The Volkswagen-related diesel emission scandal offers ample evidence that diesel internal combustion engines have reached their performance optimum and will not continue to meaningfully improve in the future. On the contrary, these engines tend to emit considerably more of the exponentially climate harming nitrogen oxides. European legislators and Member States are hereby encouraged to recognise the opportunity and act without hesitation to reform the EU energy taxation regime.

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¹ <http://www.internationaltransportforum.org/Pub/pdf/15KeyStat2014.pdf>

² <http://www.euractiv.com/sections/transport/when-it-comes-cutting-europes-co2-trucks-drive-under-radar-318412>

³ <http://www.uirr.com/en/media-centre/press-releases-and-position-papers/2011/mediacentre/478-uirr-on-energy-taxation-directive.html>



Ralf-Charley Schultze

"Energy taxation is the most efficient form of internalising the costs of climate change and oil dependency, which cost several hundreds of billions of euros to the European taxpayer each year. Enhancing the energy taxation regime could - on the other hand - send the right message from Europe to the entire world on the fortnight of the COP21 UN Climate Conference." - pointed out UIRR President Ralf-Charley Schultze.

Who is UIRR?

Founded in 1970, the **International Union for Road-Rail Combined Transport** (UIRR) represents the interests of European road-rail Combined Transport Operators and Transhipment Terminal Managers.

Road-Rail Combined Transport (CT) is a system of freight forwarding which is based on efficiently and economically inserting electric rail into long-distance (road) transport-chains through the use of intermodal loading units (ILU).