

## UIRR – International Union of combined Road-Rail transport companies



### *UIRR's standpoint on the European Commission proposal for a Regulation on enhancing supply chain security COM (2006) 79 set out on the 27.02.2006*

The International Union of Road-Rail companies (UIRR) share the European Commission's view that terrorism represents a serious threat. The UIRR has set up a working group on safety and security and, in autumn 2004, published its first recommendations for reinforcing safety level in Combined Transport.

#### *Fundamental method*

In its proposal, the European Commission unfortunately did not opt for a coordinated approach by the Authorities and economic operators with regards to terrorism; instead, it upheld the conclusions of the DNV study to put the main burden on economic operators. As in the study, a real risk analysis is absent. Simply making the point that "an analysis of the risks involved would be important" is not enough. It remains essential that such an analysis establishes a basis for setting up antiterrorist measures. In the absence of such an analysis, the Commission recommends an approach based on the general safety of the supply chain as a whole. Such an approach is not, however, sufficiently specific and leads to an ineffective use of resources. Furthermore, the announcement of a voluntary application of measures defined within the framework of this approach is wrongfully reassuring. Indeed, this voluntary approach remains theoretical since pressure is exerted on companies in various ways. Thus, a company, which would not be certified as "reliable" would need to, in the event of a crisis, and even before, show a lot of patience and financial endurance during controls.

The UIRR considers that a balanced combination of measures is necessary for establishing an appropriate strategy. Such means should:

- improve security on the transport network at its external borders,
- include a proactive and coordinated approach of the information, police force and customs authorities,
- integrate general and moderate provisions for the economy, as well as
- include specific and targeted measures of security for links in the transport chain which can be identified as weak.

Security is above all an issue which should be dealt with by the State. Having said that, it must be supported by the collaboration of all companies and citizens. Up to now, terrorist attacks did not manage to destabilize seriously the world economy. One should, however, ensure that military and civil measures aimed at improving security in all the main sectors do not take on more importance than the terrorist acts they should prevent, i.e. imposing administrative costs and obstacles on the world economy which could lead to a recession. Therefore, it is important to adopt measures which are in harmony with the Lisbon strategy, whose objectives are to make the European Union a competitive economic area, to reduce bureaucratic obstacles and to simplify the legislation.

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For the UIRR, support for the Commission's approach aimed at introducing a security certification, is essentially linked to two preliminary guarantees:

1. The coordination by the Commission of the various projects of certification in progress and the proposal of a single and harmonized approach.
2. The demonstration of the reasonable, moderate and effective nature for each measure required.

### *Single certification*

The economy is currently inundated by a flood of certifications: in addition to the "ISO quality certification", DG TREN suggests certificates of "secure operator", another for "intermodal logistic quality" as well as the recruiting of "qualified logisticians". Parallel to this, DG Customs requires companies to carry "authorized operators" certification. All these different requirements increase administrative work and costs. The European Commission should at least coordinate its various expectations and impose single certification focusing on safety and security.

### *Moderate general measures...*

General measures applying to all companies involved in the supply chain must be reasonable and moderate.

It is not economically bearable to accept vast and global safety measures as demanded by the DNV study (minimum cost 48 billion Euros for the first installation, then 36 billion Euros per annum). In its official statement, the Commission wrongly states that "the results of a recent research" shows that improved safety measures could have a positive impact on a series of cost factors as well as on the supply chain itself and on the participating companies. In this study it is only claimed but by no means demonstrated that the expenditures of the economic operators for security will automatically improve quality or that they will be compensated with productivity gains. This vision completely omits the fact that a large number of measures have a negative impact on efficiency; security is not available for free.

The adoption of global measures based solely on theoretical vulnerabilities would be ineffective; besides which it does not correspond to any existing practices in any other areas. For instance, one would not envisage reinforcing all doors and windows throughout Europe in order to avoid burglaries. On the contrary, it would only be considered, for example, in locations where such acts often occur or where the presence of valuable goods would encourage such crimes. The same applies to protecting people: whereas significant security forces would be mobilized during a State visit, such a financial cost would not be made on protecting anonymous citizens, although they are just as vulnerable.

To increase security in a realistically financial way, measures would need to be applied with a targeted objective and on the basis of a risk analysis. Similarly, antiterrorist measures need to be established after a risk analysis and cost-benefit assessment. This implies making a comparison with other safety measures (transport safety and the general prevention of

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accidents). The objective should be to minimize as much as possible human loss and damages to property within the limits of given resources.

### *... supplemented by special measures*

In Appendix 5 of the Regulation proposal, the European Commission requires companies to carry out an evaluation of the risks of terrorist threats, which, as yet, the Commission has not been able to do, even with the assistance of a consortium of consultants.

The sector should on the contrary carry out evaluations of the risks of its companies and infrastructure, based on guidelines defined by the Authorities. Those are still essentially lacking. Nevertheless companies considered as particularly exposed must receive commitment and financial support from the Community and must not be left to fight terrorism in their own.

### *Collaboration of the Authorities and the economy*

Within the framework of a "Common learning action" linked with the Marco Polo program, the UIRR is currently defining detailed security recommendations for terminals and combined transport operators. Although State instructions have not yet been defined, the UIRR is endeavouring to carry out a categorization in line with the risks for the combined transport terminals in order to submit recommendations for security measures. Other industrial organisations and federations are also formulating recommendations and, in some EU member States, promising initiatives of collaboration have arisen between the Authorities, the police forces, the fire brigades and the industry. If certification is the method chosen, we consider that recommendations based on practice (where they exist) should be at its heart.

Through the Lisbon Strategy, the European Council highlighted the need for Authorities to concentrate on costs rising from the impact and implementation of the suggested regulations. Unfortunately, the present communication only refers to a financial scheme, which evaluates the consequences for the EU budget, but does not include an analysis of cost-benefit measures to the economy.

Significant resources are needed for security and safety. Therefore, it is even more important to carry out such analyses before defining measures. The main objective is to protect life and prevent material damage. The most effective strategy is the one giving the best results where specified resources are defined and used.

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