

Service Logistics - Assignment 2 - Le Moal Romain

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Le Moal Romain – Logistics & Supply Chain – Year 3

Service Logistics - (M6X01292)

Does the EU Marco Polo programme encourage a model shift in the movement of freight?

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Abstract:

What has been the impact of Marco Polo's two programmes on freight transport?
This assignment is going to talk about the impact of these programmes on the sustainability of the goods transport: mainly about the economic and ecological points.
It should be noted that some of the information contained in this assignment was shared with Alexis Seit  , also a student in the same class as me in University of Wales Trinity Saint David's.

Introduction:

Before starting this report, it is important to note that the field of logistics and transport is constantly evolving, mainly due to the development of new technologies, but also to the "mandatory" consideration of sustainable development (ecological, economic and social) in order to reduce CO2 emissions.

With the import and export facilities linked to the internal market, it was necessary for the European Union to have a reflex on the subject of freight transport. The latter has therefore undergone two "reforms since 2001 to reduce, among other things, the ecological and economic impacts of transport: Marco Polo I between 2001 and 2006, and Marco Polo II between 2007 and 2013.

This assignment will focus first, on a detailed presentation of these two programmes, and second, on the impacts that they have had and are having on the transport sector.

The Marco Polo programme:

Before the launch of the Marco Polo programme, it was necessary for large European companies to provide fast and efficient transport. Consequently, it was preferable for them to use road transport to the detriment of other modes of transport (air, sea, inland waterways, etc.). As a result, roads were totally overloaded, which obviously led to mass pollution (mainly from traffic jams).

It is therefore within this framework and to reduce the costs of transport for the environment, the economy and society that the Marco Polo programme was created.

Created by the European Commission, the main objective is to encourage companies to promote new (more sustainable) means of transport at the expense of road transport.

As seen in particular in the introduction, this programme is divided into two "parts" extending over two distinct periods:

- Marco Polo 1: From 2003 to 2006: this is the follow-up to the PACT¹ programme (end of 2001)
- Marco Polo 2: From 2007 to 2013

The main difference between the two programs is therefore the money allocated. Indeed, the amount granted by the European Commission for the first programme was 102 million euros; for the second, it was 450 million euros. Another difference between the two programmes is the geographical coverage, which is more important for the second one (it obviously remains on European territory). Finally, from 2008 to 2013, Marco Polo was managed by OECI², a suborganization of the European Commission. (*"Strategies of transport in the European Union"* – Mayer Adrian – 2012)

¹ Pilot Actions for Combined Transport

² European Association for Creativity & Innovation

Presentation:

Marco Polo 1:

As seen above, this programme was initially intended to replace the Pilot Actions for Combined Transport which began in 1992 and ended in 2001, which was the first programme set up by the European Union with the primary objective of promoting multimodal transport: it involves transporting a single good from a point of departure to a certain destination point via two or more modes of transport.

The main aim of the programme is therefore to provide companies organising their own freight transport with financial resources to facilitate their transition to more environmentally friendly modes of transport. (E Good point to EU programmes – 2007)

Among these environmentally friendly modes of transport, it is possible to mention:

- Short Sea Shipping
- Inland waterway transport

All this is of course intended to make as little use as possible of road travel.

To give some figures about this program. Several studies estimated that for every 1 euro given by Marco Polo to subsidize a project, this would save the same company 6 euros.

In addition, 56 contracts were signed between 2003 and 2005, i.e. 56 companies applied to the European Commission for subsidies to change the way they operate. This took the form of a call for tenders at the beginning of the year, then the Commission ensured the eligibility of the companies. *EFTA guide to EU programmes – 2007*

Marco Polo 2:

The European Commission has therefore decided to arrest Marco Polo 1 mainly because they wanted to grant more financial resources to the member companies of the programme. So it took a whole year for both of them so that the latter could organize the second program in the best possible way. Unlike the first programme, the geographical area of the second programme was much larger because it included third countries (Russia, Ukraine, etc.) and the Mediterranean region.

Here is an exhaustive list of the organisations involved in the Marco Polo programme (*“Have the Marco Polo programmes been effective in shifting traffic off the road?” – European Court of Auditors – 2013*):

- DG Mobility and Transport: This is the body responsible for setting programme priorities and publishing the call for proposals in the Official Journal,

- The EACI is responsible for advising potential grant applicants, negotiating contracts and taking care of reports on the various projects of the companies concerned.

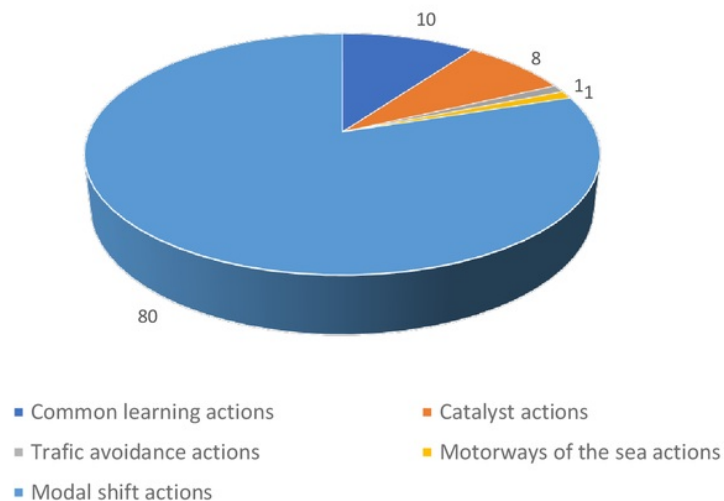
To improve the environmental performance and strengthen multimodal transport of European transport companies, the Marco Polo programme includes many actions (it should be noted that the establishment of motorways of the sea aimed at reducing road traffic was not included in the first Marco Polo programme. (*EFTA guide to EU programmes – 2007*))

In the end, 5 types of actions were selected, each quite distinct from the other:

- Traffic avoidance actions: The aim is to fully integrate the transport sector into the production chain with the ultimate objective of significantly reducing road freight transport and this will lead to a reduction in CO2 emissions. This decision must obviously not have an impact on employees or on production.
- Common learning actions: An action that was already at the heart of the first Marco Polo programme. Here, the aim is to increase the knowledge of the major players in transport, logistics and freight in order to ultimately lead to procedures for pooling cooperation within the freight market.
- Motorways of the sea actions: The objective of this third action is, in the medium term, to move from freight transport by road over long distances to an alliance between short sea shipping on the one hand and other modes of transport on the other.

- Modal shift actions: Here, with the current economic conjuncture, it is a question of transferring freight that is economically viable from road to rail or inland waterway transport. This requires an improvement of existing services.
- Catalyst actions: The third point on this list, which was already covered by the former Marco Polo programme. The aim here is to considerably change the way goods are transported via modes of transport other than road transport (topical within the European Union)

Below, it is possible to find a graph that shows the use of the funds granted to the Marco Polo programme by the European Commission, according to the 5 types of actions seen above:



Source: https://www.eca.europa.eu/Lists/ECADocuments/SR13_03/SR13_03_EN.PDF

The Gulf Stream Project:

The Gulf Stream project (March 2008 - March 2011) is a component of the Marco Polo II programme. With a grant of 870,077 euros, it is a "motorway of the sea" project for the transport of goods from northern Spain and southern England. It was set up mainly to counter legislation related to road transport in Europe.

Gulf Stream has two main characteristics.

- This is a service totally reserved for freight, therefore there must be a certain difference in placement between trailers / containers and passenger vehicles.
- The journey between Spain and England is made every weekend to bypass the legislation specific to road transport, which prohibits the circulation of transport vehicles during this period.

Good point

The aim of this service is therefore to reduce vehicle congestion at the border between France and Spain and in ports located in the Channel. This therefore contributes to a greener image for the companies involved in this project (Brittany Ferries among others)

"The economic situation requires us to remain very attentive to customer needs and to be able to offer innovative solutions that contribute to their rentability and their green image." - François POTIER - Director of Research and Development at Brittany Ferries.

In total, the Gulf Stream project is:

- 9 Ports: Santander (Spain), Roscoff, Saint-Malo, Cherbourg, Caen (France), Cork, Plymouth, Pool, Portsmouth (United Kingdom)
- 8 Routes
- 8 Vessels

Good point

Some statistics for the year 2007:

- 435 Million tonnes / km transported (estimate over 3 years)
- 12.1 Million euros of estimated environmental benefit
- 235,000 freight vehicles transported

Source : *Executive Agency for Competitiveness and Innovation of the European Commission – 2009*

General Results:

A few years after the respective end of these two Marco Polo programmes, many studies and summaries of the impacts of these programmes have been published and, in fact, it is necessary to report them and then to analyse them in relation to expectations when they are implemented. What were the impacts? Here are the general figures according to two pillars of Sustainable Social and Environmental Development

From 2003 to 2012, a total of 720 companies were targeted and 200 projects were financed by the European Commission.

Social:

In social terms, the fact of placing trailers, or containers, on boats or trains directly impacts the number of accidents related to road transport since while trains or boats are running it is a large number of trucks that are absent from the roads. As a result, in the first period, for 22 million tonnes/km, about 25 fatal accidents were avoided. For the second period, for 42 million tonnes/km, 48 lives were potentially saved. (*Marco Polo, New ways to a green horizon* – EACI – 2013)

Environmental:

The main objective of this programme was, as stated several times before, a considerable reduction in CO2 emissions, which is still a problem that is increasingly at the centre of both political and geopolitical debates. For Marco Polo 1, it is therefore 1.5 million tonnes of CO2 not released thanks to 1.23 million truck journeys avoided. For Marco Polo 2, 2.86 tonnes of CO2 have not been released thanks Good point 11 million truck journeys saved. (*Marco Polo, New ways to a green horizon* – EACI – 2013)

In the end, if we combine the two programmes, a total of 4 million trucks were loaded onto ships (at sea or by inland waterways) and 64,000 km of traffic jams avoided Good point as a result.

Analysis:

It is now time to consider whether or not these two programs are successful. Have they succeeded in adequately meeting the expectations and objectives set at the beginning of each cycle?

Unfortunately, the answer is no. Indeed, the achievements are considered to be well below the Commission's expectations. On the other hand, it is important to point out that they were not completely useless since, as we saw in the previous section, they still have certain beneficial aspects and have made it possible to save lives and reduce the ecological impact of road transport. Good analysis

As regards modal shift (transfer from one mode of transport to another), the objective set was much higher than what was achieved.

For Marco Polo 1, 2003 is the "closest" period to the final objective. This agreed target was initially 12.40 billion tonnes of goods to be transferred Good analysis and only 7.25 tonnes of goods were transferred. This corresponds to a percentage of 51.51%.

For Marco Polo Two, for the year 2007, the agreed target was 27.83 billion tonnes to be transferred and in the end 10.02 billion tonnes were transferred: corresponding to a percentage of 26%. ("Have the Marco Polo programmes been effective in shifting traffic off the road?" – European Court of Auditors – 2013) Good analysis

The following table shows, by year, the difference between the fixed and agreed objectives and those achieved for the two programmes.

	<i>Annual target</i>	<i>Committed shift</i>	<i>Reported shift</i>	<i>% achieved</i>
MP I				
2003	12,00	12,40	7,25	58,51
2004	12,00	14,38	6,33	43,99
2005	12,00	9,53	4,95	51,94
2006	12,00	11,40	3,55	31,17
Total MP I	48,00	47,71	22,08	46,28
		Average for Marco Polo I		46,00
MP II				
2007	20,50	27,83	10,02	36,00
2008	20,50	16,33	3,40	20,82
2009	20,50	15,68	2,82	17,98
2010	20,50	14,15	3,40	24,03
2011	20,50	13,70	0,00	0,00
Total MP II	102,50	87,69	19,64	22,40
		Average for Marco Polo II 2007-2010		19,16
Grand total	150,50	135,40	41,72	

Source: https://www.eca.europa.eu/Lists/ECADocuments/SR13_03/SR13_03_EN.PDF

Thanks to this table, we can see that the agreed objective was never achieved. This can be explained in several ways.

The first is that this "failure" is closely linked to the major financial crisis of 2007, which had the main consequence of considerably reducing the quantities of goods transported. As a result, all modes of transport have declined (rail: 17.9% decrease for example). This crisis has therefore forced road transport companies to lower their prices to fight the crisis. Multimodal transport has therefore gradually been neglected. Good analysis

The second reason that can be mentioned is simply a cruel lack of follow-up on the part of the European Commission, which has not necessarily carried out a study to identify the points to be promoted under these two programmes. Moreover, it did not necessarily take measures during the programmes to rectify some errors, some of which were minor, but which could have totally changed the results of the tonnes of goods transferred from road transport to maritime transport, for example.

Finally, we must be careful about what is announced, since in practice there is no official methodology to accurately assess the impact of the Support explanation required programmes.

Conclusion:

Since the early 2000s and the awareness of environmental issues, many decisions have been taken in all areas. In this case, the logistics and transportation sector are a very good example since it represents one of the most polluting sectors in our society.

It is therefore within this framework that the European Commission has decided to set up the Marco Polo programme, which is divided into two distinct parts. The main idea, as long as it affected both the social and the environmental aspects, was to promote multimodal transport to the detriment of road transport (advantages seen in the previous sections. On paper, this was a very good initiative (The Gulf Stream Project) with large financial resources (especially for the second programme), but either expectations were too high or events such as the terrible financial crisis of 2007 did not help the total success of the programme.

On the other hand, as mentioned several times earlier, it was not totally useless because it allowed a considerable reduction in pollution (among other things).

It would now be possible to open this topic on the theme of new technologies and in particular on innovations in the transport sector, such as electric transport, which could, in several years' time, make the transport sector almost non-polluting for the planet and a source of jobs for the population on the one hand, and benefits for companies on the other (like the development of electric cars).

Good conclusion

References:

- “Strategies of transport in the European Union” – *Mayer Adrian* – 2012
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Incorrect referencing 

Service Logistics - Assignment 2 - Le Moal Romain

GRADEMARK REPORT

FINAL GRADE

65/100

GENERAL COMMENTS

Instructor

Well-researched with particularly good use of statistics.

Good knowledge and understanding of topic demonstrated.

Very good analysis. Conclusions are drawn from detailed evidence and discussion.

Good structure and layout. Referencing not in Harvard format.

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Support

Support Needed:

A well-written paper will include strong support for its thesis. Support for your thesis should come from primary (original documents, interviews, and personal experiences) and secondary (information that has been processed or interpreted by someone else) sources. To use your support effectively, you must elaborate upon the information, quotations, and examples taken from your sources and connect them to your thesis. It is also important to remember to cite the

sources of the evidence and support you use in your paper.

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Good conclusion

Well concluded

PAGE 13

QM

Incorrect referencing

Additional Comment

Not Harvard format