



International Chamber of Commerce

The world business organization

Policy statement

Transport and sustainable development

An industry-wide initiative for achieving a better economic, social and environmental future

Cargo Coordinating Forum, 17 June 1999

At the 1992 "Rio Earth Summit", member governments of the United Nations adopted Agenda 21 as a comprehensive blueprint for achieving Sustainable Development - that is, meeting present economic, social and environmental needs without compromising the ability of future generations to meet their own requirements.

The International Chamber of Commerce had anticipated Chapter 27 of Agenda 21, on strengthening the role of non-governmental partners, and Chapter 30, on strengthening the role of business and industry, by developing and adopting the ICC Business Charter for Sustainable Development in 1990.

In line with the Business Charter commitment to help business improve its environmental performance, the ICC is developing an overall transport strategy to meet three sustainable development objectives - economic development, social equity and environmental protection.

Transport occupies an irreplaceable socio-economic position linking supply to demand. Current market forces will continue to increase transport demand. Transport is indispensable to trade, tourism, development and the well being of any economy. Efficient transport systems are a necessity for economic development and social welfare and also reduce the scope for an adverse impact on the environment.

Transport recognizes its responsibilities...

Transport users and transport providers are well aware of their fundamental economic role and their social responsibilities regarding safety, labour conditions, the environment, energy efficiency and, consequently, sustainable development.

...and is prepared to take the lead

Transport will provide an essential contribution to the improvement of our environmental future. Commercial transport users and transport providers recognize that there is a common goal, not a conflict, between the development of transport and environmental protection, both now and for future generations. The road, air, maritime and rail transport industries have a common interest in achieving the objectives of sustainable development, taking into account the characteristics and context in which different transport modes operate.

Many modern transport systems operate globally and it is important that well-established and extensive international regulations are in place and should continue. Stringent enforcement of existing rules and regulations, with careful provision for progressive adjustment, is greatly preferable to the creation of additional, new legislation.

The ICC Business Charter commits all the actors in the transport supply chain to support common principles of sustainable development through concerted and sustained initiatives involving market

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efficiency, incentives, codes of best industry practice and simplification and globalization of the regulatory framework.

I. Cost-effectiveness is essential to achieve sustainable development

Environmental questions must be tackled at the source and in the most cost-effective manner by the transport industry and all sectors of the economy.

ICC identifies five prerequisites for a genuine pursuit of cost-effectiveness:

1. Policy guided by economic reasoning

The choice of the means and measures to reach environmental targets should normally be based on economic reasoning.

2. The polluter pays

The environment can benefit from the application, as appropriate, of "the polluter pays" principle to reward, for example, the use of cleaner craft or vehicles through economic incentive.

The principle should be applied equitably between different transport modes and between competitors in the same transport mode.

3. Fair competition giving users the option to choose modes and transport operators

Market efficiency dictates that there should be fair and free competition and, consequently, freedom for shippers, users and passengers to choose the mode of transport and the transport operator they judge most likely to meet their expectations and requirements. Market forces stimulate innovation and, given incentives aimed at protecting the environment, they will stimulate environmentally friendly innovation.

4. Cost transparency

Any allocation of environment-related costs to transport should be transparent. Equitable and sensible cost attribution will favour and encourage effective environmental policies.

5. Efficient use of transport resources

Lack of adequate infrastructure and efficient transport services is a major economic, social and environmental handicap. Priority for commercial transport and investment in infrastructure development are essential to attain the common goals and principles of Agenda 21. Governments that have endorsed the Rio Summit Declarations are committed to the relevant actions and investments.

Infrastructure investments have failed to keep pace with economic and social demand and with technological developments, thereby foregoing potential environmental benefits not only in congested areas, but also for transport systems in general.

Congested transport inhibits the mobility of cargo and passengers and renders useless many transport industry-wide environmental initiatives.

Lack of transparency and efficiency in terminal services limits efficiency in transport operations.

Existing infrastructure could also be better used. Capacities of transport crafts and vehicles are often not fully used due to regulated markets, and lack of commercial incentives.

II. Policies must be based on economic, social and environmental realities

A sound sustainable development policy for transport has to recognize that:

- Efficiency in transport systems, essential for economic development and social welfare, will also reduce adverse effects of transport on the environment;
- Discriminatory tax measures are seldom environmentally effective and more often counter-productive;
- Environment and safety improvements are generally more efficiently met by stringent enforcement of existing rules and regulations than by additional legislation;
- Economic and operational incentives, rather than penalties, can encourage development and use of clean technology.

III. Cost-effective "at the source" measures can reduce environmental problems from transport

For example, they can:

- Improve transport flow;
- Improve logistics;
- Develop cleaner, quieter and more fuel-efficient craft and vehicles through further technical improvements;
- Adopt technical measures to reduce polluting gaseous emissions;
- Increase intermodal transport where economically and environmentally cost-effective.

IV. Effective instruments are needed to achieve desired economic, social and environmental goals

Complementary policy instruments can help apply the principles, prerequisites, policies and practices cited above. These instruments include:

A. Legislation

A level playing field needs binding regulations, laws and standards. Whenever possible these should be negotiated and applied globally. They should recognize economic realities and be accompanied by effective, uniform mechanisms for implementation, and they should not be market distortive.

B. Economic incentives

Due to the diversity of the transport industry, economic incentives are preferred over legal measures. Entrepreneurs should be free to decide for themselves if and when they will make certain investments, depending on their financial situation and prevailing legal limitations. Transparent, cost-related charges are better than taxes as incentives to support sustainable development.

C. Voluntary codes of conduct

Beyond policy frameworks provided by governments, much can be, and is being, achieved through observance of voluntary codes of conduct that enhance "best industry practice" in environmental management. These are effective practical tools to communicate the objectives contained in Agenda 21 to transport users and providers, who can then adopt recommended, effective practices to improve their economic and environmental efficiency.

Transport will continue to be proactive

As the world business organization, the International Chamber of Commerce undertakes to encourage member companies and their representative bodies to achieve the three objectives of sustainable development in the transport industry. ICC will help establish the principles of sustainable development where they will have the greatest impact - in the hands of transport users and providers. ICC will encourage the transport actors to continue to act responsibly with regard to their environmental performance, through economic incentives, best practice codes and other at the source measures.

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