NON-PAPER

A Future-Proof European Transport System

A future-proof European transport system serves the needs of society as a whole. EU transport policies and funding need to facilitate economic growth and competitiveness, reduce mobility poverty and enable efficiently functioning, affordable, sustainable and safe mobility for citizens and businesses. A future-proof transport system must also enhance the security of supply, military mobility, resilience and overall security of the Union. To achieve this, the European Commission must ambitiously move forward with the digital and clean twin transitions in a way that is economically sustainable and overall secure and safe. All actions must be based on good economic impact assessments and risk analysis. It is important to have better, and less, EU regulation. The impact of regulation on competitiveness should be assessed and the focus should be on creating a favourable investment environment.

The EU must be at the forefront in solving future challenges related to emerging technologies. Emerging technologies, such as AI, advanced connectivity and digital-twin technologies, provide remarkable opportunities for the twin transition. Adoption of new technologies must be supported by cross-sectoral cooperation and financial incentives and, where necessary, by enabling regulatory measures. The principle of technological neutrality should always be at the core of the development. Finally, the cybersecurity of a digitalised transport system requires continuous investments. Modern digitalised infrastructure, as well as connected data and service layers, call for modern cyber protection tools and risk assessments and a whole-of-society approach.

Key actions for the next Commission's five-year term:

The digital transition

The Commission should take concerted action on three layers of the transport system – infrastructure, data and services:

Infrastructure:
Investments in future-proof transport infrastructure are needed. The future CEF III, together with the updated TEN-T regulation, should encourage Member States to modernise their transport infrastructure, for example by using smart technologies and investing in Intelligent Transport Systems. The principle of technological neutrality must be at the core of the development.

Data:
The mobility sector has plenty of potential for digitalisation. The Commission should come forward with ambitious initiatives that fully embrace the opportunities of real-time data, connectivity and AI, enhancing the efficiency of transport and logistics. 'Digital by default' must be the guiding principle.

Services:
The Commission should significantly raise its ambition to strengthen the internal multi-modal transport market. It needs to promote access to the information interface of ticket and payment systems for all modes of transport, and to enhance the interoperability of interfaces across the EU.

The clean transition

Now is the time for implementation of the Fit for 55 framework in order to create a level playing field within the EU. It is vital to ensure technological neutrality.

To enhance the EU's competitiveness, and looking towards the EU's climate target for 2040, there should be greater emphasis on promoting research, development and innovation that facilitates the clean transition.

Emission reductions in maritime transport and aviation should primarily be promoted through sufficiently ambitious international measures.

Finland emphasises the EU's need consistently to continue its policy measures to combat climate change and strengthen biodiversity, taking into account the principles of sustainable development. It is important to monitor the impact of the EU regulations, and to develop the regulations further so that they do not jeopardise the EU's competitiveness.

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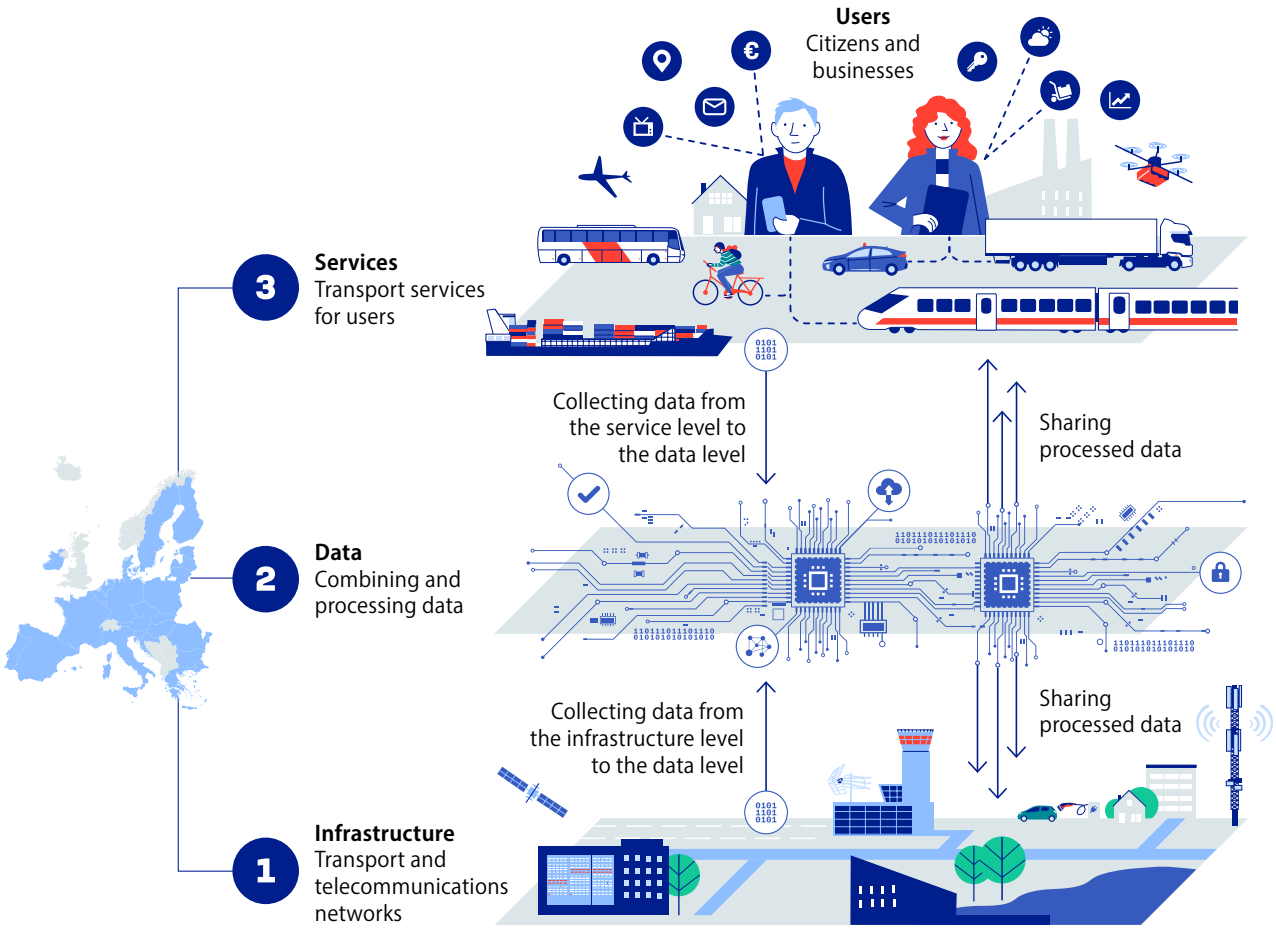

THE DIGITAL TRANSITION

The EU's strategic objective over the coming years should be promoting ambitious digital transition in transport. A future-proof transport system is based on full utilisation of digitalisation in three layers of the system: i) infrastructure, ii) data and iii) services.

i) Infrastructure layer: modernised and resilient transport

Investments in future-proof transport infrastructure are needed. The main tool for shaping the European transport infrastructure is the Trans-European Transport Network (TEN-T) regulation. The CEF III programme should be built to implement the TEN-T Regulation efficiently, focusing on enhancing the security of supply, military mobility, resilience and overall security of the Union. The future CEF III, together with the updated TEN-T regulation, should encourage Member States, their public bodies and companies to modernise their transport infrastructure by using advanced and smart technologies, such as the European Rail Traffic Management System (ERTMS).

Use of the EU's funding mechanisms should be based on good economic impact assessments and risk analysis. The EU funding for networks, the CEF in particular, should be used to accelerate investments in network modernisation, for example through Intelligent Transport Systems (ITS), in a technologically interoperable way. The terms for the funding of the CEF programme should encourage investments across the trans-European network in a technologically neutral, secure and economically sustainable way. The introduction

of alternative fuels infrastructure, and the transport routes required for the provision of sustainable modes of transport and transport services, should be scheduled and organised so that they strengthen the Union and its economy and competitiveness.

A future-proof transport infrastructure must take into account the changes in transport connections and logistics chains in the northern part of the EU that are caused by the geopolitical situation. It should also take into account the different geographical, societal and security needs of the Member States, allowing room for justified national flexibility.

Examples of the special characteristics of Finland:
- 1,340 km border with Russia
- 90% of goods trade relies on maritime transport
- arctic conditions and winter navigation
- long distances, sparse population and small traffic flows

ii) Data layer for efficient mobility and logistics

Data-driven digital solutions and technologies enable safe, user-oriented and cost-effective traffic flows throughout Europe, creating new opportunities for people and the private sector. Efficient use of data ensures efficient and thus cost-effective and emissions-cutting logistics chains and multimodal mobility services between cities and across borders. The EU should lead the way in this field.

Horizontal digital and data regulation has been given considerable attention during the 2019–2024 Commission. However, the EU is still in the early stages of sector-specific digitalisation and the utilisation of the data economy in transport. There is plenty of potential in the mobility sector, namely in the sharing and use of mobility data, the building of mobility data spaces and the development of digital mobility services. Many opportunities to use real-time economic and procurement data (eReceipt, eInvoice, eDelivery) in transport are still untapped, and they could serve as a means of improving the efficiency of logistics by removing requirements for paper documents in the sector.

Transport and logistics are among the most significant vertical sectors in the data economy. The principle of 'digital by default' should steer all development in the sector. The horizontal Data Act provides a good starting point. There are also other important vertical initiatives, such as the Vehicle Data Act, Mobility Data Space initiative, CountEmissions initiative and Electronic Freight Transport Information (eFTI), which should be implemented with care. The EU should also set ambitious targets for new initiatives, especially in order to regulate digital mobility services. However, the various initiatives must be coherent and interoperable without overlapping each other. They must not create an additional administrative burden.

The data economy needs a concerted effort to ensure the availability and usability of data across sectors. Any regulation on the digitalisation of the transport sector should be developed across sectors, recognising from the outset how the legislative aspects are interconnected. Particular emphasis should be placed on ensuring data reliability and interoperability, and on optimising the utilisation of existing data. Investments must be directed towards the national application of the EU data regulations and alignment with them.

iii) Services layer for user-oriented mobility

In the services layer, the European Commission should significantly raise its ambition to strengthen the internal transport market through digital means. It should ensure that the market is not broken up into regional or national solutions, which would be costly and not user-friendly. Interoperability of ticket and payment systems, and the opportunities for combining the services of different service providers across the EU, create a user-oriented transport system that attracts more customers to use mobility services. This creates added value for people and businesses. The increased demand provides market opportunities for new players without reducing the market share of legacy operators.

The next Commission should put the ambitious multimodal digital mobility services at the top of its agenda. Currently, from the European user's perspective, the overlap of different non-interoperable systems is a significant barrier to the use of services. The Commission's target during the next five-year term should be to improve customers' choices in all modes of transport and in multimodal travel chains. The cost of, and the time and effort required for, switching from one mode to another should be minimised and user-orientation strengthened. It is important to ensure that no one is left behind in the digital transition.

The Commission needs to promote access to the information interface of ticket and payment systems for all modes of transport by developing common minimum

standards and the interoperability of interfaces across the EU. This includes incorporating eIDAS provisions on e-identity and digital wallets in the common solutions in the EU single market. The EU should also prepare itself for the vast capabilities of large language models and generative AI in attracting and serving users of digital mobility services.

The European transport market is strongly public-sector driven and many suppliers are state-owned. The Commission should examine whether practices under the Public Service Contract Regulation, such as exclusivity agreements and direct procurements, support the development of an open and competitive transport market and multimodality. In order to develop the single market further, increase competition and enable new transport service models, as well as to attract the private investment necessary for the digital and clean transitions, the Commission should outline clear rules for the roles of different actors, restrict the direct procurement of state-owned companies (PSO) and ensure the fairness of different subsidies.

A future-proof transport system effectively utilises automation and new technologies such as artificial intelligence. With this in mind, the implementation of horizontal AI regulation should not impede progress, but establish a safe and sustainable framework for innovation development. Collaboration between the public, private and research sectors is a cornerstone for developing automation and deploying AI in transport.

THE CLEAN TRANSITION

The legislative framework for the clean transition has largely been built by the Fit for 55 package. Now is the time for implementation of this framework in order to create a level playing field within the EU. The implementation must be executed cost-effectively and on market terms, creating a clear competitive advantage for the EU.

To enhance the EU's competitiveness, and looking towards the EU's upcoming climate target for 2040, increased emphasis should be placed on promoting research, development and innovation that facilitates the clean transition. It is vital to ensure technological neutrality and economic sustainability. Measures to combat climate change must take into account the different circumstances in Member States. For example, the lower relative CO2 emissions and energy efficiency of vehicle combinations with larger weights and dimensions used in the Nordic countries should be taken into account in different initiatives. The EU regulations must also recognise the specific challenges related to navigation in winter conditions. In addition, the emission reductions already achieved need to be recognised.

Emission reductions in maritime transport and aviation should primarily be promoted through sufficiently ambitious international measures, as this promotes a level playing field internationally. If ambitious international action is agreed, a double burden on EU action must be removed.

The Effort Sharing Regulation (ESR) in its current form is not cost-effective. If the Effort Sharing Regulation remains post 2030, the differences between Member States' obligations must converge significantly by 2040. It is important to assess to what extent emission reductions in the effort sharing sector could advance based on the development of the new emissions trading scheme (ETS2).

Finland emphasises the EU's need consistently to continue its policy measures to combat climate change and strengthen biodiversity, taking into account the principles of sustainable development. It is crucial that the EU implement the clean transition through regulations and actions that strengthen business and competitiveness in the EU, and that benefit people and their welfare. The impact of the EU regulations must be monitored, and they must be further developed so that they do not jeopardise the EU's competitiveness.