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TRANSPORT SITUATION IN GERMANY IN 2008

1. Traffic trends

(As at summer 2008)

- Due to the comparatively weak development of economy and foreign trade in 2008 as opposed to 2007, the total increase in the freight volume moved by land transport modes is predicted to be slightly less than in 2007. In 2008, rail transport will continue to increase more than road freight; however, this growth will be at the expense of inland waterway and pipeline transport, as road transport will probably also further increase its share in the modal split in 2008. In 2009, transport performance of all modes is expected to increase less than in 2008. Unlike in previous years, rail transport will increase less than road transport in 2009.
- In the area of **maritime transport**, the volume of cargo handled at German seaports in 2007 increased slightly less than in the previous years. Similar rates of growth are to be expected for 2008 and 2009.
- As a consequence of the fuel prices, passenger kilometres travelled by private transport are expected to decrease in 2008, slightly increasing again in 2009. Trends in overall passenger transport volumes are mainly determined by private road transport. The slight overall increase in public transport by bus and rail is mainly driven by local, regional and long-distance rail transport services, whereas local public transport by road (bus, tramway, underground) will barely increase in 2008 and 2009.
- Further growth in passenger air transport is expected in 2008 und 2009. The driving force of this growth is cross-border transport.

2. Obstacles to the development of transport

a) obstacles to the development of transport in 2008:

- high fuel prices in the first 6 months of the year
- strike of DB train drivers in the first quarter of the year
- bottlenecks in some highly frequented transport corridors, especially concerning north-south connections and seaport feeders.
- The impact of the credit crisis on logistic firms and transport as a whole is not clearly discernable so far – especially as credit crunch impacts are currently alleviated by declining fuel prices. Nevertheless, negative medium term impact can not be excluded.

b) measures adopted by the Federal Government

- **fuel prices:** Short-term action was not deemed efficient to relieve consumers. Therefore, the Federal Government released a package of measures to develop energy-efficient transport technologies, particularly alternative / renewable fuels and innovative powertrain technologies (e.g. hydrogen cars and electromobility), thus enabling car drivers to reduce petrol consumption in the long run.
- **railway strike:** Regarding the industrial relations between DB and trade-unions, the problem was solved by the parties concerned without government intervention.
- **bottlenecks:** On 16 July 2008, the Federal Cabinet adopted the "Freight Transport and Logistics Masterplan" which includes a comprehensive approach for managing the growing levels of freight and passenger traffic in Germany. It contains 35 concrete and calculated measures. It aims at avoiding traffic gridlock and reducing congestion by optimizing traffic and making it more efficient, by upgrading the transport arteries and hubs, and by making greater use of the environmentally friendly railways and waterways. The integrated approach of the masterplan includes modern traffic management systems, road works management and toll rates that vary according to the route driven and the time of day. Moreover, the German Government will significantly raise the level of infrastructure investments to about 11 billion euros in 2009 in order to accelerate the upgrading of German transport infrastructure. Funding to promote combined transport will be raised to 150 million euros.
- **credit crunch:** The German Government has released a comprehensive bailout programme of about 400 billion euros in order to assure liquidity for the financial sector and the German industry. In addition, the German Government has put together a package of investment measures for the years 2009 and 2010 that are designed to promote investments by private businesses, households and local authorities. Both car drivers and the automotive industry will benefit from these measures, which include incentives to purchase new vehicles by exempting new cars from vehicle tax for a period of up to two years. To prevent the credit crunch affecting small and medium businesses and the manufacturing industry, the state-owned KfW Bank is to be granted an additional financing instrument. The so-called protective shield will allow the bank to reinforce the lending services offered by commercial banks. A total of 15 billion euros has been earmarked for this purpose.

3. Best practices in transport and infrastructure regulation

- **Further development of the toll for heavy goods vehicles (HGVs):** The successful HGV toll scheme has been refined, giving preferential treatment to low-emission HGVs and raising toll rates according to the pollutant emission category. The new scheme will come into operation on 1st January 2009. In return, compensation measures totalling 600 million euros per year are ensured in order to ease the burden on the road haulage sector including an Innovation Programme to provide incentives to purchase cleaner heavy goods vehicles. The remaining toll revenues will be re-invested in transport infrastructure.
- **Green zones / low emission zones in inner cities:** On 1 January 2008, the cities of Berlin, Cologne and Hanover introduced low emission zones. The measure is designed to improve air quality in city centres and other areas with high traffic volumes by mitigating air pollution caused by fine particles. Other German cities have announced their intention to follow this example in the future. Vehicles are divided into emissions groups according to their particulate emissions and they receive a sticker of the colour marking the respective emissions group. Unmarked vehicles may not enter a green

zone. Vehicles with yellow or red stickers marking higher emissions groups may enter the currently existing low emission zones, but will be forbidden to enter in the long run. Urban low emission zones are based on the Federal Regulation on the marking of low emission vehicles which entered into force on 1st March 2007 offering cities the possibility to introduce green zones. The first amendment to this Regulation which became effective on 8 December 2007 established further provisions for diesel vehicles retrofitted with particulate traps as well as for older vehicles.

- **Higher fines for traffic offences:** On 21 May 2008, the Federal Cabinet adopted the draft Fourth Act amending the Road Traffic Act that serves to create the legal outline conditions for fines to be increased for those traffic offences that have been identified as the main causes for accidents (e.g. drink driving). The higher fines and penalties especially serve the purpose of increasing road safety.
- **Public Private Partnerships in the area of transport infrastructure:** In Germany, transport infrastructure projects carried out by public-private partnerships so far only exist in the construction of federal trunk roads. In this sector, two different types of operator models are currently applied: the A model (operator constructs the fifth and sixth lanes of an existing motorway and operates and maintains all the lanes; costs are recovered by charging tolls for lorries on the concession route; additional start-up funding can be provided, if necessary) and the F model (applies only to bridges, tunnels and mountain passes; operator plans, finances, constructs, maintains and operates the section and, in return, receives the toll charged to all users (including passenger cars)).

With regard to transport infrastructure, please highlight major developments concerning **“E” networks**, provide the latest available information on **infrastructure investments** in terms of % of GDP in your country, and describe the measures taken in 2008 aimed at **promoting infrastructure investments** (targeted taxes, road funds, regulatory reforms to encourage private investment,....) which could also be of interest to other countries.

- **Transport infrastructure investments:**

Origin of funds

in million euros	2007 (actual funds)	2008 (planned funds)	Increase	Share 2007	Share 2008
Conventional funds	6,763	6,833	1%	76%	73%
Funds from toll revenues	2,162	2,591	20%	24%	27%
Total	8,925	9,424	6%		

Use of funds

in million euros	2007 (actual funds)	2008 (planned funds)	Increase	Share 2008
Railways	3,487	3,699	6%	39%
Road	4,701	4,925	5%	53%
Waterways	738	800	8%	8%
Total	8,925	9,424	6%	

Share in transport performance ⁽¹⁾

	Freight transport ⁽²⁾	Passenger transport ^{(2) (3)}
Railways	around 18%	around 7%
Road	around 72%	around 88% ⁽⁴⁾
Waterways	around 10%	-

(1) in tonne kilometres (tkm) or passenger kilometres (pkm)

(2) freight transport data as at 2007; passenger transport data as at 2006

(3) plus around 5 % of air transport

(4) private road transport and public passenger transport by road

- In 2008, investments in upgrading and expanding the existing transport infrastructure are estimated at 9.4 billion euros, thus 6 per cent more than in 2007. Funds from HGV toll revenues are gaining in importance compared to conventional funds.
- The Federal Government's transport policy aims at a modal shift from road to rail. For this reason, the funds made available by the Federal Government for upgrading the railway infrastructure considerably exceed the rail mode share in transport performance. Although road transport makes up for about 70 per cent of freight volume moved and for almost 90 per cent of passenger kilometres travelled, only just over half of the funds made available for the transport infrastructure are invested in road construction. In contrast, over 40 per cent of the transport infrastructure funds go into upgrading railway infrastructure, despite its modest share of just under 20 per cent of the freight volume and 7 per cent of the overall passenger kilometres.

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