EIB Consultation on its Transport Policy
Greenpeace contribution, June 2011

Introduction

Greenpeace welcomes the opportunity to comment on the EIB’s transport lending policy. We have set out a number of demands earlier, in 2009, in a joint paper with CEE Bankwatch, and take this opportunity to expand on some of our views stated in this paper.

Transport activity causes a range of adverse impacts on the environment and human health, including greenhouse gas emissions, land use, noise, pollutant emissions and crash casualties. This paper focuses on the impacts linked to the energy use in the sector.

Transport as a driver of climate change

Greenhouse gas emissions from EU’s transport sector account for more than a quarter of its overall emissions. This puts transport second only after the power sector. However, whilst the power sector is gradually reducing its emissions, transport’s emissions continue to rise. Substantial efforts are therefore needed to reverse this trend so that the sector contributes to, rather than undermines, the achievement of the EU’s emission reduction objectives.

Transport as a driver for oil demand

Transport operations rely almost exclusively on oil, a fossil fuel that releases greenhouse gases (GHG) when burnt, and that is more and more difficult to recover, leading companies to revert to ever more polluting methods (e.g. tar sands extraction) and take ever greater risks (e.g. drilling in deepwater and in the Arctic) to extract it from the earth.

Transport is the most important driver for oil demand in the EU. The sector accounts for about 60% of the EU’s total oil consumption, a proportion that could rise to 65% by 2030 if no additional measures are taken.1 The transport sector is therefore key to reducing oil demand, which is the only way to effectively prevent oil spills and stop the expansion of environmentally disastrous ‘frontier’ oil extraction.

The role of the European Investment Bank

The EIB is a policy-driven financial institution whose main task is to contribute to achieving the EU’s policy objectives. In that role the EIB has a signal function. Loans from the Bank do not only serve to enable the completion of viable projects but also to indicate the EU’s “stamp of approval”. This is why the Bank should apply additional lending criteria compared with commercial financial institutions.

The EIB is, in its own words, “a key player in financing the European transport sector”.2 This gives the Bank additional weight in shaping a sector in which a change in direction is urgently needed. The EIB should use this weight to

- promote less energy intensive modes,
- stop the expansion of energy (and carbon) intensive modes, and
- accelerate - across all modes - the technological advances needed to dramatically reduce the demand for oil, and eventually go beyond oil.

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2 EIB 2010 Trans-European transport networks (TENs) again draw more EIB loans. Annual news conference 2010, Briefing note 07
While these should be the guiding principles for the Bank’s initial selection of transport-related projects, the consistent application of a robust carbon footprinting methodology is crucial to address the disproportional climate impacts of the transport sector.

### Modal shift vs co-modality

The EIB paper states: “There is now a widespread agreement that decarbonising of the sector should be at the centre of future transport policy in the EU. However, in contrast to ideas at the beginning of the century, there is now also an acceptance that modal shift away from the most carbon intensive modes cannot achieve the requisite emission reductions alone. The concept of “co-modality” – seeking energy efficiency and environmental improvements in all modes, each mode meeting demand in accordance with its own comparative advantage - is now broadly accepted.”

All calculations of GHG reduction pathways for the EU transport sector, which we have knowledge of, have invariably shown that the potential for improvements within each mode is insufficient, and that a shift from high energy, high carbon modes to low energy, low carbon modes is needed to achieve the targeted reductions. This includes work carried out by the EEA, DG Clima’s GHG 2050 project, as well as the European Commission’s Impact Assessment for its recent White Paper.

### Support low energy, low carbon modes

To achieve urgently needed reductions of oil consumption, and related GHG emissions, the current imbalance in favour of high energy, high carbon modes needs to be addressed.

The EIB should make sure that the vast majority of investments in the transport sector are dedicated to rail, urban public transport and inter-modal transport, as well as cycling and walking projects.

### Halt support to high energy, high carbon modes

The EIB should no longer support the expansion of road and aviation infrastructure. This is independently of whether they are part of the TEN-T.

Further, the EIB should not support the construction or expansion of production plants for cars, trucks and aircraft. The key problem for today’s car industry is overcapacity. The world has the factories to make about 1/3 more cars than it is buying, according to CSM Worldwide. It simply does not need more car factories.

The EIB should not extend any loans for vehicle acquisition in the road and aviation sectors. In particular, it should resist calls to reintroduce lending for aircraft acquisition, abolished in 2007.

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3 EIB 2010 EIB prepares the review of its lending policy in support of a sustainable transport sector. Call for public views
5 EU Transport GHG: Routes to 2050, [www.eutransportghg2050.eu](http://www.eutransportghg2050.eu)
6 EC 2011 SEC(2011) 358 final
Support research and development of new technologies

Lending to vehicle producers in the road and aviation sectors should be exclusively for research and development aimed at reducing environmental impacts and enhancing safety, using transparent criteria for the choice of particular projects.

Previous R&D lending to carmakers

The EIB has loaned 7.6bn EUR to the automotive industry under its European Clean Transport Facility (ECTF). Greenpeace and CEE Bankwatch have criticised the fact that the climate criteria for these loans remain untransparent. We have doubts whether car companies have used the Bank’s support for doing anything in addition to what they have to do anyway to meet their legal obligations under the EU's CO2 standards for passenger cars.

The EIB should, in our view, require carmakers to perform better than required by the legislation. The Bank should also disclose the criteria it is using to assess relevant loan applications.

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