SOFIA MINISTERIAL MEETING 2007

KEY MESSAGES FOR MINISTERS ON MITIGATING CONGESTION

Final Session

This document served as a basis for the discussion during the Final Session of the Sofia ministerial meeting, held Thursday 31 May from 10h30 to 11h45.
KEY MESSAGES FOR MINISTERS
ON MITIGATING CONGESTION

*Final Session*

1. **CONGESTION: ITS EXTENT AND OUTLOOK**¹

*Congestion is widespread…*

Congestion is a widespread and serious impediment to the movement of people and goods. It harms the economy, raises industry costs, increases pollution and CO₂ emissions and wastes huge amounts of time. In many countries the most conservative estimates put the costs in time losses alone at many billions of dollars.

Congestion is worst on roads and is concentrated in and around cities, where it has become a chronic problem. However, in many countries, intercity roads and rail systems suffer significant congestion as well. The rapid expansion of world trade and international travel has put particular pressure on ports and airports and the connections to them, as well as at international borders.

*…and is getting worse.*

As trade and mobility grow, congestion will continue to get worse, given that increases in traffic are likely to be greater than expansion in capacity. Without concerted action, congestion costs could triple in the next 20 years.

*The causes of congestion are complex.*

Congestion has diverse causes including accidents, road works and other short term disruptions as well as physical bottlenecks or chronic under-investment in infrastructure capacity. But it arises in the context of underlying traffic trends, driven by population and economic growth and by land use planning and location decisions for housing and business.

¹ For examples and further details, see the Briefing Note for Session 1 of the Sofia Ministerial Meeting [CEMT/ITF(2007)1].
It is difficult to quantify. There is no single measure that captures fully the impacts of congestion and a range of indicators are used (time lost, length of queues, length of network that is saturated, probability to be blocked in traffic, average speeds, delays). Airport, port and rail congestion is usually measured against a benchmark of zero delay. Road congestion is often measured by comparing actual speeds with “free flow” speeds or even with speed limits, which can lead to unreasonable and unachievable expectations.

Targets need to be operational and politically relevant. It is rarely economic to design roads to eliminate all congestion, including in peak periods of demand. Likewise, zero delay is not an operational target for port terminal operations or air traffic management as efforts to cut delay have a cost. Optimal levels of congestion provide more operational and politically relevant targets for reducing congestion. Estimates of optimal levels of congestion are not yet common but have been developed for example in the UK and Australia for roads and for air traffic control by Eurocontrol.

Travel time reliability requires more attention. One of the most frustrating impacts of congestion for transport system users is unreliability of travel times, though it has only recently begun to be addressed in congestion management strategies.

Congestion presents a major policy challenge requiring political engagement and support. Some degree of congestion in large agglomerations is inevitable. Chronic congestion, however, results from poor policy choices and failure to align incentives for individuals and businesses with the collective and public interests.

It can be managed better, and there are a variety of successful examples. Political support needs to be generated to apply the lessons learnt more widely. A key challenge is to focus efforts on areas where the greatest benefits can be achieved.

2. THE POLICY RESPONSE: A STRATEGIC APPROACH

Congestion needs to be looked at strategically and holistically. Congestion requires a strategic approach across modes, both nationally and internationally. It requires policies and measures that address the underlying drivers of congestion, as well as measures that target specific bottlenecks. It requires new partnerships among modes and levels of government and between government and the private sector.

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To date, efforts to mitigate congestion have been largely modalspecific. An approach is needed that takes an integrated, comprehensive, inter-modal and spatial view of congestion and its underlying contributing factors. This requires a broader analysis than most Countries undertake at present.

**Use a package of policies and instruments,**

There is no single solution to the congestion problem; a range of measures will be required, including improved system management, pricing and capacity expansion, applied in concert. The appropriate mix will depend on each country’s context.

Specific measures applied in isolation – be they pricing, traffic or mobility management, or infrastructure expansion -- are less effective than if they are part of a mutually reinforcing package of policies to address both supply and demand pressures.

**Improve management and use of existing capacity**

It is possible in many circumstances to manage, operate and use existing capacity better. Traffic management measures, improvements at inter-modal interfaces and trade facilitation can all make a significant difference. Transferring traffic off the roads to other modes where there is space capacity is possible but requires due evaluation and combinations of measures in both modes.

New technology – particularly Intelligent Transportation Systems – is starting to contribute in various ways (information to users, dynamic traffic management, reduced headways). Governments should work to support the implementation of these technologies, and to ensure that equipment is interoperable among countries.

Of course, better system management may require doing things differently, which could impact how businesses and individuals use infrastructure and services. Public acceptance of such changes will require communication regarding why they are needed.

**Implement pricing measures to ration existing capacity**

Many road users do not pay the full costs of using infrastructure, and this contributes to congestion. Better pricing is gaining acceptability, though public support is still fragile, and suspicions about additional taxes need to be countered by showing how pricing can reduce congestion, and how the money is being put to effective use. The potential of economic and fiscal instruments is far from being fully exploited.
Recent road congestion charging initiatives in London, Stockholm and for several decades now in Singapore have achieved significant reductions in urban congestion and have been used effectively to maintain free flow traffic on expressways in the USA and the UK. The electronic truck kilometre charges introduced in Switzerland, Austria and Germany have also worked to reduce congestion, by promoting better use of vehicles. Trucks are loaded and routed more efficiently and companies work together more to find logistic synergies.

Important factors in the success of these initiatives include transparent use of revenues, which greatly facilitates public acceptability.

**Add capacity where needed**

Where existing capacity is insufficient, investment in new capacity should be prioritised to projects whose socio-economic returns are largest. Investment is a political decision, however, and in the interest of transparency and good governance, the reasons for specific decisions need to be communicated to the public.

The availability of public funds for transport infrastructure investment is increasingly constrained in many countries. Governments should therefore examine ways to facilitate private investment, by eliminating legislative, administrative and regulatory impediments that hinder their ability to call on private funding sources when additional capacity is needed.

An increasing amount of private resource is available for investment in transport infrastructure, and investment banks among other private entities are increasingly interested in transport infrastructure development. Private funding remains, however, a relatively small share of total expenditure on infrastructure, and Governments still have a major strategic role in financing additional transport system capacity.

The solidity and efficiency of PPPs is largely dependent on sound governance, particularly as concerns attribution of risk among partners. Governments, whose role is gradually evolving from one of infrastructure provider to that of customer or regulator, should seize the opportunity to exchange good practice and experience in this area.
3. IMPLEMENTING A CONGESTION MITIGATION STRATEGY

*Bring all stakeholders on board*

Transport Ministers need to take the lead.

Although the solutions must come from a wide range of sectors, Transport Ministers should be proactive in setting the policy and political agenda for congestion mitigation. The importance of the transport system for the economy and society are compelling reasons for Ministers to take action on congestion mitigation by providing the right policy and institutional context.

While industry and government both have important roles to play, overcoming regulatory and administrative impediments to congestion reduction is a key factor. This is one area where Transport Ministries in particular can help.

Congestion is a society-wide issue and solutions can require action in several domains – fiscal policy, land use planning, working hours, investment, traffic and demand management and enforcement of rules. Getting parliament and its key groups to understand and support action plans is essential. Ministers of Finance, Environment, Planning, Urban Affairs are all implicated, and coalitions of interest with them are needed. For all of this, Transport authorities need to strengthen their capacities for dialogue and communication.

Build political support with elected officials, across government, and with other levels of authority.

Although many specific responsibilities are decentralised to lower levels, central government has an essential role to fulfil, including:

- Setting the policy and institutional framework for land use and planning and transport demand management, including a framework for the encouragement of public transport.
- Establishing the pricing framework for road use, rail access, port channel dredging charges, airport user and runway charges.
- Moving from a role of infrastructure provider to one of regulator or client.
- Coordinating the financing of infrastructure projects that extend across jurisdictions; underwriting bond issues or guaranteeing loans where necessary.
- Carrying out national strategic planning, not only for nationally financed infrastructure like highways but also for locally owned assets like ports and airports that are increasingly interdependent.
- Facilitating the seamless integration of networks and services.
Develop partnerships with industry and private sector actors;

- Removing barriers at national level that prevent local authorities from implementing efficient measures.

Dialogue and agreements with lower levels of Government are needed to ensure a coherent policy approach.

The response to government congestion mitigation policies will be conditioned by the way businesses manage delay in the operations within their control. This suggests that governments will need to work in partnership with business to ensure that mitigation policies actually do result in reduced delays. For example, improving the management of ports through port gate congestion pricing, real-time loading schedule management and extended opening hours, in conjunction with investments in hinterland road connections, will achieve much better results than public investment alone.

Inform and involve the public;

Public recognition of the seriousness of congestion and its impacts to the economy and environment is a key factor in obtaining acceptability and buy-in of the measures necessary to reduce the problem. Communication with the public should begin early in the strategy design process so that the aims are understood and shared and continue through implementation and monitoring of the congestion reduction measures.

Co-ordinate internationally;

National governments increasingly need to make strategic plans to reduce congestion in consultation with neighbouring governments. Efficiency gains may be possible if regional approaches involving neighbouring countries are used. For example, through cooperation, spare port capacity in one country could be used to serve cities and regions in another.

Gateway and corridor development is a key international issue and involves not only investment coordination but also policy coordination so that such corridors can be optimally used and operated. Policies to encourage rail use on major corridors require more urgent inter-jurisdictional coordination than has been apparent until now.

Trade and transport facilitation need to work together to reduce transport-related barriers to trade. Border crossings are still a cause of congestion in and between many countries. There are numerous measures to cost-effectively improve border flows however; these include: institutional reorganization, more targeted use of risk analysis, joint controls and technical harmonization.
More generally, a greater understanding on the part of authorities of how global, regional and local supply chain networks function is essential to creating an enabling business environment in transport.

**Monitor and evaluate progress; share results**

*Improve congestion indicators for better monitoring and evaluation – this is essential.* Improving measurement of congestion, its impacts and costs is a key challenge for the future. Identifying trends in these variables is essential to understanding the underlying causes of congestion and its impacts as well as more accurately ascertaining its costs. Better indicator definition, data collection and monitoring is indispensable for tracking progress towards improving the reliability of transport system performance, which can go a long way towards reducing the burden of congestion.

*Share good practice.* Examples of success in cities and countries exist, and experience in tackling congestion is growing. Exchanging and applying good practice in different circumstances can contribute to reduction of congestion across countries.