



Philippe Maystadt, President
European Investment Bank
100 Boulevard Konrad Adenauer
L-2950 Luxembourg

25 July 2007

Dear President Maystadt,

We are writing to you to emphasise the importance of ensuring that the EIB's new policy for the transport sector fully takes into account the EU's commitment to cutting greenhouse gas emissions by 20-30 per cent by 2020, and the specific objective of reducing GHG emissions from transport stated in the 2006 Sustainable Development Strategy. Echoing a letter sent by several civil society groups on 17 July 2007 - which we support - we also request that the EIB opens a public consultation on the new transport sector policy.

CO2 emissions from transport in the EU27 increased by 32 per cent between 1990 and 2005, while emissions from other sectors decreased by 9.5 per cent. Emissions from international aviation and shipping rose by 90 and 50 per cent respectively. Progress in other sectors is clearly being undermined by the continuing growth in transport emissions.

We believe the EIB should take two specific measures in order to reduce the climate impact of its portfolio. These measures, as a minimum, should be incorporated into the new transport sector policy, in our organisations' view:

1. Apply the 'four stage principle' before investing in transport infrastructure

The EIB should overhaul its approach towards assessing whether transport infrastructure expansion projects are justified compared to other approaches. In this respect we would point to the Swedish "four-stage principle",¹ which creates a hierarchy of measures to be implemented. First measures that affect demand for transport and choice of mode of transport, then measures that more efficiently utilise existing infrastructure, followed by improvements and finally new construction and major rebuilding.

Such a clear framework would help to ensure not just economically efficient investments but also environmentally efficient ones. It would also help deliver goals set out in the 2006 EU Sustainable Development Strategy, such as decoupling transport from economic growth and modal shift; both of which are required to meet the EU's climate objectives. Such an approach implies that the EIB should expand its lending to traffic management investments, and cut back its lending for infrastructure.

2. Reducing the carbon footprint of EIB lending

The EIB's activities should contribute to achieving a low carbon economy based on energy

¹ Outlined in Mikhael Gotthardsson, Unit for Government Road Management: "Analysis of Measures in accordance with the Four-stage Principle - a general approach to analyses of measures for the road transport system", Sweden, Publication 2002:72, 13.03.2002

efficiency, renewable energy sources and no nuclear power.

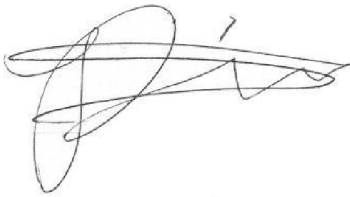
The EIB should quantify the likely carbon footprint, including induced emissions, of its loans, and adopt ambitious year-on-year targets for emissions reduction. The target could be achieved by reducing or eliminating lending to carbon-intensive sectors, and optimising lending within specific sectors towards the most climate-friendly projects.

In order to assess how to cut the climate impacts of EIB investments most efficiently, the bank should calculate which of the sectors it finances are most climate-intensive per Euro spent. This would allow well-targeted decoupling of climate impact from economic benefits to take place. Lending for the most climate-intensive sectors should then be phased out.

In the transport sector this would lead to the phasing out of EIB financing for the aviation sector, which is by far the most climate-intensive of the transport modes per Euro spent. Aviation causes 4 to 9 per cent of human-induced climate change², yet it contributes only 0.6% of EU value added. Research shows that per € spent aviation leads to approximately an order of magnitude more climate impact than other modes of transport. Aviation is also the most climate-intensive mode by passenger kilometre³ and tonne-kilometre⁴. It is also heavily subsidised: the European Environment Agency says the aviation sector enjoys € 27-35 billion worth of annual subsidies, mostly due to exemption from fuel tax and VAT.⁵ That the sector also benefits from public money, such as low-interest EIB loans, which lend political support to projects and encourage further private investment, cannot be justified in our view.

We look forward to hearing from you and trust that we will have the opportunity to formally present these suggestions in more detail during a public consultation on the new transport sector strategy.

Yours sincerely,



Jos Dings
Director
European Federation for Transport and Environment (T&E)
rue de la pépinière, 1, B-1000, Brussels, Belgium

On behalf of:

Paul de Clerck
Interim Director, Friends of the Earth Europe

Tim Johnson
Director, Aviation Environment Federation (UK)

John Stewart
Chair, HACAN ClearSkies (UK)

Magda Stoczkiewicz
Policy coordinator, CEE Bankwatch Network

² Sausen et al., 2005, Aviation Radiative Forcing in 2000: An Update of IPCC (1999), Sausen, R., Isaksen, I., Grewe, V., Lee, D.S., Myhre, G., Schumann, U., Stordal, F. and Zerefos, C., June 2005

³ CE Delft 2003, To shift or not to shift, that is the question - the environmental performance of the principal modes of freight and passenger transport in the policy-making context, CE Delft and RIVM, Delft / Bilthoven, March 2003

⁴ INFRAS/IWW 2004, External Costs of Transport, update study, Zürich/Karlsruhe, October 2004

⁵ European Environment Agency: Size, structure and distribution of transport subsidies in Europe, EEA Technical report, No 3/2007