A Cycling Investment Plan for Europe

A response by the cycling sector to the EU’s “Investment Plan for Europe”.

Produced by:

ECF
EUROPEAN CYCLISTS’ FEDERATION

and

COLIBI-COLIPED Representing the European Bicycle Industry

(COMité de Liaison des Fabricants Européens de Bicyclettes / COMité de Liaison des Fabricants de Pièces et Equipements de Deux-roues des pays de la C.E)

4th December 2014
1. Summary of the Cycling Investment Plan for Europe

The cycling sector warmly welcomes the European Commission’s “Investment Plan for Europe”. We look forward to working with partners and stakeholders to create more jobs for Europeans through investment in cycling, not only because it has a proven record for creation of green and sustainable jobs, but because of the huge contributions it makes to the EU’s societal objectives. We propose that part of the Investment Plan for Europe should be a “Cycling Investment Plan for Europe”. It specifically addresses the priorities set out on 2nd December in Commissioner Bulc’s speech to the European Parliament Committee on Transport and Tourism.

- Investment in clean transport to have a unified and more efficient transport system.
- Investment in urban mobility including new collective transport systems.
- Intelligent Transport Systems to make the best use of the existing and future infrastructure.
- Projects with EU added value, supporting smart and clean mobility, which are economically viable, with high socio-economic returns and can start within the next three years.

The cycling sector calls on the EU institutions and the “Investment Task Force” to recognise that cycling delivers all of these objectives for Europe. Our world leading companies, products and services are ready for the Investment Plan for Europe, building on cycling’s current 650,000 jobs and €217billion per year contribution to the EU economy. This document is a basis for discussion with those managing the Investment Plan for Europe. We look forward to an early opportunity to place this plan into the processes for developing new investments and the financial structures to provide these real jobs in the real economy.

Our proposals will:

- Create 100,000 new jobs. This provides 10% of the jobs targeted by the Investment Plan for Europe which can be created for just 2% of the investments; making this cycling plan 5 times more effective than the published targets of the Investment Plan for Europe.
- Bring wider benefits, with €1 of cycling business activity creating an additional contribution to society of €2.5 from congestion reduction, reduced emissions, road safety and health.
- Provide the highest return on investment in transport, releasing €30billion of EU benefits.
- Use fiscal policies to create a “level playing field” in transport to release a further €5bn per year in support of cycling with potentially €30billion further benefit to the EU economy.
- Use a pan European approach to address under-investment in cycling.
- Invest of €6.0billion in four complementary work packages:
  - Completion of the EuroVelo long distance cycle route network - a strategic international network complementing the TEN-T, as recommended by the European Parliament.
  - SMART New collective urban transport systems – building on the EU’s world leading position on bike sharing, e-bikes and integration of cycling and public transport.
  - Cycling as suburban and inter-urban mass transit – using Europe’s ground breaking infrastructure and electric mobility expertise to reduce congestion.
  - Reindustrialisation/ repatriation of EU bicycle manufacturing and R&D – making sure that our industry is equipped to support and deliver growth of cycling and e-mobility.

1 [www.ecf.com/europeancyclingjobs](http://www.ecf.com/europeancyclingjobs)
2. Contents

Following publication of the Investment Plan for Europe this proposal is laid out in the same structure:

- It sets out the need for the Cycling Investment Plan for Europe.
- It identifies additional investments from the private sector and member states.
- It sets out our proposal to create 100,000 new jobs in the real economy
- It identifies other fiscal policy actions to improve the investment environment for cycling.

Therefore the contents are as follows

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5. Cycling will mobilise additional investments from the private sector and member states.
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7. Key fiscal policy actions for improving the investment environment for cycling.
8. Contact and organisational details

3. A shared Vision

We recognise President Juncker’s Vision for the “Investment Plan for Europe.”

We share that Vision, and we go further.

We see a highly skilled young worker who has taken a job in the new digital economy.

She has taken the job in a southern European city because the quality of life and urban mobility matches what she is used to in her university city in the north of Europe.

She rides an electric bicycle to work on a high speed cycle route built by a local workforce, to the design of Danish engineers. Her Dutch bicycle uses components from Germany, Portugal, Italy, Czech Republic, Romania and Spain. Her stylish cycling jacket was made in the UK and the software that manages the bicycle and guides her to work was created in Austria.

On her route to and from work she shops frequently and spends more per week in local businesses than the average car or bus user.

She creates zero emissions and improves her health with every trip she takes. She and other cyclists have taken 10% of daily trips off the local transport and road network which has had a noticeable impact on congestion, making local business more efficient and competitive.

All of this is possible because of an integrated approach to cycling investment which has harnessed all the strengths of the cycling sector in Europe.
4. The need for a Cycling Investment Plan for Europe.

We agree that an “Investment Plan for Europe” is needed and we support the actions of the European Commission in the creation of this plan.

We welcome the structure provided by the Investment Plan for Europe (IPFE) because it brings attention to the same structural weaknesses that have held back investment in cycling. Evidence from Member States shows that doubling in cycling in the EU is both achievable and affordable with just 10% of transport investment. But the required cycling investment is unlikely to be achieved in the period to 2020 despite the high rate of return and the wider benefits of cycling investments.

The evidence is clear:

Cycling investments provide jobs and growth in the real economy while also producing added value co-benefits that make the growth inclusive and sustainable.

Investments in cycling avoid the increased congestion, third party accident fatalities, carbon emissions and air pollution that arise from investment in motorised transport. The EU Parliament has already identified the strategic benefit of such cycling investments.

Investing in cycling brings huge economic, social and health benefits. At the rates produced by typical studies (see box) the Cycling Investment Plan for Europe will generate a return of €33billion.

But this evidence has not been backed by the investment needed to maximise growth and jobs. Cycling has routinely been starved of funds from EU, state and private sector sources. In Europe we have world leading countries, companies, and technologies but there has been historic underinvestment in cycling, made worse by the economic crisis which has seen the EU fall behind key competitors such as Asia.

Therefore there is a need for a more strategic approach to investment in cycling. Working at an EU level maximises investment and releases cycling’s impressive European added value. By working through the Cycling Investment Plan for Europe we address four structural weaknesses.

European integration and scale. A series of small, sub-optimal investments at member state or regional level will not deliver the impact expected of the IPFE and in the case of cycling it means underinvestment will continue.

European Policy Coherence This is a joined-up plan for the whole EU. The Cycling Investment Plan for Europe will support the Investment Plan for Europe as well as contributing to the goals of DGs MOVE, Energy, Climate, Regions, Health, Trade, Enterprise,

The contribution of cycling to the EU economy before the Cycling Investment Plan for Europe is €217billion per year and 650,000 jobs.

The ECF study “Cycling Works” which will be published at the Cycling for Growth Round Table on December 4th 2014 shows that doubling cycling in Europe could deliver an additional 400,000 jobs to the EU economy.

UK’s Department for Transport showed cycling schemes have returns of 5.5:1 – the Department said this means that “for every £1 of public money spent, the funded schemes provide £5.50 worth of social benefit.” This is above their classification of “Very High Value for Money”.  


Environment and Sport. It is therefore a perfectly suited to the integrated approach adopted by the incoming Commission and the IPFE.

**Europe’s global strengths and competitive advantages are not being exploited.** Europe has led the world in the development of innovative and commercially successful cycling products and services. Dutch and Danish infrastructure is the best in the world but has not been replicated widely even in Europe. Public bike sharing, e-cycling and use of bicycles for last kilometre logistics have been made commercially successful in Europe and exported to the world. The most successful cycle tourism countries in the world are in Europe, but neighbouring EU countries have not been able to generate matching investments that will yield a further 340,000 jobs. Competitors in Asia and North America are capturing these markets because they are treating cycling as a strategic sector which attracts significantly greater private and public investment, especially SME and mid-cap companies.

**Providing an investment climate for manufacturing and research.** Erratic and uncertain investment in infrastructure for daily and tourism cycling has led to a lack of investment in manufacturing in Europe. Where member States have invested consistently in cycling infrastructure this underinvestment has been stopped or even reversed. Nowhere is this clearer than the Netherlands. The country home to Europe’s two largest bicycle companies, both of which have been able to invest in their manufacturing and in the research and development that lies behind Europe’s growing e-bike sector and public bike share. The Cycling Investment Plan for Europe recognises that this is a model that will create a world-leading industry for Europe.
**5. Cycling will mobilise additional investments from the private sector and member states.**

As part of the IPFE the Cycling Investment Plan for Europe can leverage both private sector investment and further inputs by member states. This is replicable and scalable across the EU, but is cannot be delivered at a country by country level.

**A proven track record**

Cycling businesses contributes €62 billion turnover per year and 650,000 jobs to Europe’s economy. But perhaps as important is the fact that this is matched by a social benefit of €155 billion per year to the EU in the form of health savings, congestion reduction, reduced CO2, air and noise pollution.

There are numerous examples of how cycling has mobilised public and private sector resources to deliver investments of European significance.

The bicycle industry is the first sector to put millions of electric vehicles into Europe’s transport fleet which are reducing congestion in our cities and industrial centres.\(^6\) This technology has been developed almost entirely without public subsidy, by contrast to electric cars. This development is strongest in the Netherlands because of the public cycling infrastructure investments in that country but can be replicated across Europe with the right seed funding.

Working with the public sector it was the industry that created Public Bike Sharing as a concept, funding the development and supporting the business models that have enabled leading cities to gain all the benefits of cycling.

In the cycle tourism sector public bodies have supported the development of cycling routes but then the private sector has invested in hospitality, cycling holiday companies and cycle hire which has generated over 500,000 jobs.

**Case studies**

The new Gazelle bicycle factory in the Netherlands is a high end bike and electric bike factory for 200,000 bikes per year which will be completed in 2018 creating 300 full time jobs and €160 million annual turnover. This will be an investment of €10 million when completed.

In Romania private Corporate Social Responsibility funding provided over 60% of the cost to start Public Bike Sharing, enabling NGOs to operate it without public subsidy.\(^5\)

The Great Western Greenway in Ireland cost €6 million. It has already turnover of €7.2 million a year. Private sector investment around the trail has created 38 new jobs and helped to secure 56 more through a gourmet trail, an adventure sports trail and a creative group.

**The Cycling Investment Plan for Europe will generate more funding from industry**

In its report to a DG TRADE investigation into the bicycle market the bicycle manufacturers association Colibi-Coliped reported that European Companies would invest up to €1 billion if market conditions provided a stable market and a level playing field.\(^7\) This will develop new products and to repatriate production from Asia. The European bicycle industry is now creating an ambitious plan to coordinate the development of the whole sector. This is needed because the industry has been underinvested in recent years and because much of the manufacturing and research base is in small to medium sized companies.

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\(^{6}\) More than 1.7 million e-bikes and pedelecs in Germany alone, see [http://www.vivavelo.org/brancheninfo/wirtschaftsdaten/e-bikes-pedelecs/](http://www.vivavelo.org/brancheninfo/wirtschaftsdaten/e-bikes-pedelecs/)

\(^{7}\) “EU Employment in Bicycle and parts Industry” COLIBI-COLIPED December 2012
By creating an integrated investment plan new initiatives such as a cycle parts manufacturing cluster in Romania can be achieved. Similarly high tech manufacturers are creating development clusters such as the Flanders Cycle Valley, a recently formed regional cluster. Growth in jobs here is higher than in parallel cluster such as biotechnology.

Investment in technical development is also under way, for example La Poste in France (one of Europe’s biggest logistics companies) will be testing e-bikes powered by hydrogen cell batteries in 2015.

Similarly in the tourism sector. The EuroVelo international cycle route network provides a strategic investment framework reaches over 70,000km benefitting every state in the EU. Each investment by a public authority has triggered local SME investment. A European Parliament commissioned study reports that the EuroVelo network can create €7bn turnover for the tourism economy. These are jobs created in SMEs in some of the most challenged parts of Europe’s economy, especially rural areas.

The Cycling Investment Plan for Europe will generate more funding from the Member State level.

We can show that new funding will be attracted to the Cycling Investment Plan for Europe from beyond the EU level. However this may not take the form of direct Member State investment from national or federal funds.

This is because the main investors in cycling are cities and regions. Some of the money they use comes from national budgets but the majority comes from local decision-making. Similarly local authorities have the ability to redirect revenues from parking charges, public bike sharing and congestion charges in to cycling budgets, either as direct investments or as part of revenue sharing schemes that attract private investment.

As part of its extensive work within EU funding programmes and oversight of EU expenditures within social and regional funding programmes ECF has identified that there is significant additional local funding that can be leveraged by the Cycling Investment Plan for Europe. This plan will be particularly effective because it is not limited to plans at a Member State level, our joined up

Case Studies

Specialist cycle lubricant manufacturer Muc-Off is bringing most of its production from China back to the UK because of the government’s investments in cycling. Their statement says “The UK is currently profiting from a large cycling boom. Muc-Off has seen vast growth in recent years as the cycling industry continues to grow, this has resulted in an increased staff base across the company. We need to produce and replenish product at quicker and more flexible rate. This also puts the control back in the hands of the company and their supply team. Muc-Off prides itself on producing eco-friendly biodegradable products and the UK is a world leader at producing such products.”

Lights, locks and e-bike control system producer Trelock is restarting production in Germany after 35 years of production in Asia, it is expected that by 2017 about 100 new jobs will be created at the new factory in Münster.

Case study

In March 2013 London announced plans to spend over €1 billion (£913 million) to revitalize urban cycling.

The city’s ambitious cycling plan backs Dutch style infrastructure with strong commitments on better cycle routes, traffic restriction and ‘Little Holland’ style developments. The £913m investment forms part of a ten year plan with the majority of infrastructure to be built within the first four years.

8 “EBMA reindustrialisation Bike Valley” August 2014
proposal enables collaboration between cities, regions and businesses across the whole EU which is more effective at launching collaborative investments than single local schemes.

6. Investing in cycling means finance reaches the real economy

We agree that there must be a fundamentally new approach to the identification and preparation of investment projects across Europe because we see projects producing the highest return on investment in the transport sector not being funded.

Therefore we have created this “Cycling Investment Plan for Europe” for the IPFE Project Pipeline. It will produce 100,000 new jobs by 2020 from an investment of €6 billion. Within the Investment Plan for Europe that is a return of 10% of the targeted jobs for just 1.9% of the investment. We believe the Investment Task Force will find few if any alternative proposals with such a rate of return, even before counting the additional societal benefits of investing in cycling. It can be implemented immediately and addresses the main areas of underinvestment in cycling.

The breakdown of the Cycling Investment Plan for Europe is as follows:

<table>
<thead>
<tr>
<th>Work package</th>
<th>Subtask</th>
<th>Costs (Euro million)</th>
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<tbody>
<tr>
<td></td>
<td>EuroVelo new construction</td>
<td>1400</td>
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<tr>
<td></td>
<td>EuroVelo connected developments</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Cycle tourism development</td>
<td>500</td>
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<tr>
<td>Cycling as suburban and inter-urban mass transit</td>
<td></td>
<td>2200</td>
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<tr>
<td></td>
<td>Cycle highways</td>
<td>1500</td>
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<tr>
<td></td>
<td>E-vehicle networks</td>
<td>700</td>
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<tr>
<td>SMART New collective urban transport systems</td>
<td></td>
<td>1200</td>
</tr>
<tr>
<td></td>
<td>New city bike share systems</td>
<td>600</td>
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<tr>
<td></td>
<td>Extension of bike share to e-bikes</td>
<td>400</td>
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<tr>
<td></td>
<td>ITS integration</td>
<td>200</td>
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<tr>
<td>EU bicycle manufacturing, research and development</td>
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<td>600</td>
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<tr>
<td></td>
<td>Manufacturing strategy</td>
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<tr>
<td></td>
<td>Research and innovation strategy</td>
<td>50</td>
</tr>
</tbody>
</table>

A brief rationale for the work packages of the Cycling Investment Plan for Europe:


The European Parliament reports that completion of Europe’s flagship international long distance cycle route network can create €7bn per year in increased revenues in Europe. In 2011, the European Parliament also asked for EuroVelo to be included in the Trans-European Transport Network (TEN-T) in their response to the Commission’s White Paper on Transport11. This has not happened, therefore we address this underinvestment in this plan.

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11 Response to Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system ([2011/2096(INI)])
The €2 billion business plan for the completion of the network by 2020 will integrate the physical completion of the route network with a complete service infrastructure integrating the private sector and public transport operators into the full economic system. All are brought into strategic management, marketing and product development functions which coordinate the impact of the investments across Europe working with the EU, Member States and regions.

This investment particularly meets the objectives of the IPFE by providing investment to regions of Europe that have the most need. For example there are long rural EuroVelo sections in Eastern Europe that have very limited services but high potential in terms of rural tourism and gastronomy. Plans for cycle tourism in countries like Spain and Italy will yield high returns in terms of job creation and private sector development but cannot raise the initial investment required. These areas have few other opportunities for economic development so the EuroVelo routes are especially valuable.

**SMART New collective urban transport systems**

An Urban Cycling Investment Package is needed as part of the Cycling Investment Plan for Europe.

This proposal is needed because 74% of Europeans live in urban areas. Cities, the motors of our economy and the centres of productivity, are facing important challenges such as scarce space, congestion and air pollution. Urban mobility accounts for 40% of all CO2 emissions and up to 70% of other pollutants from road transport. Our package invests in:

- An industrial sector where Europe leads the world in terms of infrastructure, technologies and services, through public bike sharing, electric bicycle infrastructure, multi-modal transport integration and smart cycle parking.
- Reducing congestion that has a huge negative impact on business performance. Integrated cycling and public transport journeys release vital road capacity and provide co-benefits such as reduced emissions and improved public health.
- Stimulating the vibrancy of our city centres as centres of employment, especially in South and East Europe. Highly skilled workforces are increasingly choosing cities that offer the highest quality of life and we know that mobility and high quality public spaces are at the heart of those choices. Cycling cities are winning the competition for inward investment.
- Using Intelligent Transport Systems to integrate Public Bike Sharing and Electric Bike Sharing with public transport and car parking so users always have a bicycle option.

The Plan invests of €1.2 billion in urban cycling technologies allied to the SMART city programme. This means investing in integrated technologies including the so-called 4th generation Public Bike Sharing, electric bike sharing and SMART Cycle parking all linked by Intelligent Transport Systems. This creates an entirely new transport capacity over and above growth in public transport.

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**Case studies**

- Madrid’s fully electric/pedelec bike sharing system is the first of its kind in the world.
- Copenhagen’s Bycyklen/GoBike system has an interactive pad that is fully incorporated into other public transport modes as well as allowing GPS navigation and giving the user the ability to arrange bookings for all of the city’s attractions.

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We will make it possible for the 100 largest cities in Europe to have a public bike share system (we estimate that currently only 49 have a PBS) and extend the option of electric bike sharing to 150 cities, especially targeting the cities of southern Europe where the e-bike can overcome a number of key barriers to behaviour change.

**Cycling as suburban and inter-urban mass transit**

This is cycling’s most important contributor to new transport infrastructure within the Investment Plan for Europe. Cycling as suburban and inter-urban mass transit is an emerging technology that exploits Europe’s leadership in e-mobility and deals with the most congested parts of Europe’s road infrastructure, around our cities and industrial areas. It tackles congestion caused by commuting in the distances 5-25km caused by peak time private car use. It also has a positive impact on public transport capacities, improving efficiency and reducing the need for investment in that sector. This is a vital link in the electro-mobility network for cities.

So called “Cycling Highways” are dedicated suburban and inter-urban cycling corridors built to be used by the new generation of e-bikes. They have very direct routes and high capacities that take them to urban centres and key employment locations, bypassing the conventional road network through improved junction design or dedicated infrastructure. SMART technologies are also used to manage traffic flows optimally. The feasibility study for the Ruhr cycle highway estimates that up to 50,000 cars could be taken off the route in the region.\(^\text{14}\)

Implementation has started in the Netherlands, Denmark, UK, Belgium and Germany together with proposals in France and Finland. However, no developments are scheduled anywhere in Southern or Eastern Europe despite the evidence of their success in reducing congestion. This is because no investment is available to stimulate cities to create the initial infrastructure. The private sector is ready to support the highways with the relevant technologies, serviced by specialist bicycles, retailers, repair, bike share and cycle parking, all of which create jobs. The construction process itself is also a “best in class” investment for job creation, cycling infrastructure creates more jobs per Euro invested than other transport infrastructure\(^\text{15}\).

Other co-benefits are in Road safety: As cycle highways are segregated from motorized transport they provide for safe cycling. Motorised vehicles are the major cause of the vast majority of road fatalities, modal shift to non-motorised transport would decrease the number of road fatalities across the EU and would bring further increases to public health benefits.

**Reindustrialisation/ repatriation of EU bicycle manufacturing and R&D**

The bicycle industry needs to be treated as a strategic European Industry in investment terms. It has already been recognised as such by DG TRADE when a 5 year anti-dumping regulation was agreed by the EU Commission 2013.

What is needed is the underlying capital to implement a pan-European Strategy. Start-up capital is not available in our small and mid-cap companies or and there is limited Member State finance in the countries that are most suitable for some of the repatriated production, in particular southern and eastern Europe. If the rest of the Cycling Investment Plan for Europe is implemented without complementary investment in manufacturing and Research and Development there is a risk that the

\(^{15}\) www.ecf.com/europeancyclingjobs
erosion of the EU manufacturing base continues because our international competitors are investing more than Europe, especially in the new technology and added value parts of the market.

It is vital to invest in this period while the 5 year trade protection exists and while the EU industry is in a position to invest in R&D and manufacturing.

The industry has already created a 5 year plan to prepare European investment and develop our European bike and component industry as a world leading manufacturing base, and a supplier of vehicles satisfying the EU and the United Nations commitment to electro-mobility.

This pan European approach identifies strategic clusters and cycling investment zones to resource the R&D and supply chain infrastructure needed. Strategic locations for investment that have already attracted US and Asian interest as well as European companies include expansion of component manufacturing in Romania and Portugal; frame manufacturing in the Baltic states and hi-tech manufacturing of e-bikes and other products in Flanders’ Bike Valley, the Netherlands and Germany. A European component manufacturing network will allow the EU to compete with Taiwan and China, improving skilled employee training, coordinated R&D, supply chains, inventories and purchasing prices.

It is calculated by the industry that the additional investment of the Cycling Plan for Europe will protect 80,000 jobs and create a further 10,000 direct and upstream jobs in the industry.

**Demonstrating that the Work Packages meet all the criteria of the Investment Plan for Europe.**

A high level evaluation of our proposal under the criteria of the Investment Plan for Europe shows the following results:

<table>
<thead>
<tr>
<th>Work package</th>
<th>Transport infrastructure in industrial centres</th>
<th>Research and innovation</th>
<th>Boosting employment</th>
<th>Funding SMEs</th>
<th>EU-added value (projects in support of EU objectives)</th>
<th>Economic viability and value – high socio-economic returns</th>
<th>Can start within the next 3 years</th>
<th>Potential for leveraging other sources of funding</th>
<th>Reasonable size and scalability</th>
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<tbody>
<tr>
<td>Implementation of the Eurovelo Business Plan</td>
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<td>SMART City Connected Urban cycling technologies</td>
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<td>Cycling as suburban and inter-urban mass transit</td>
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<tr>
<td>Reindustrialisation/ repatriation of EU bicycle manufacturing and R&amp;D</td>
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At the launch of Cycling Forum Europe at the European Parliament on 20th November 2014 both MEP Michael Cramer (Chair of the Transport and Tourism Committee) and Manfred Neun (President of ECF) said to Transport Commissioner Bulc “Cycling is ready”. We believe this analysis confirms that statement. These work packages are ready to be delivered.
7. Key actions for improving the investment environment for cycling.

Reinforcing the level-playing field and eliminating barriers to investment in the Single Market.

The cycling sector welcomes the instruments identified in the Investment Plan for Europe, in particular those measures for reducing unnecessary regulatory burdens and improving business conditions, in particular for SMEs.

The Cycling Investment Plan for Europe identifies specific conditions that will create optimal framework conditions for investment in cycling in Europe. We agree that there should be structural reforms to resolve barriers to investment in transport infrastructure and systems, notably with a cross-border dimension, and they need to be implemented swiftly. We believe cycling is one of the transport systems that must benefit from those structural reforms.

Reflecting the external costs and benefits of all transport modes in investment and fiscal policy will help create a level playing field for all transport modes. Despite all the societal benefits that cycling offers it has not received sustained fiscal support either at Member State level or EU level. ECF has published a report that shows a number of proven mechanisms that Member States can use to incentivise cycling and level the playing field between cycling and other transport modes. This in turn will encourage the investment plans of the private sector and enable the jobs growth that cycling can provide.\textsuperscript{16} It is not sustainable that a few Member States use fiscal instruments to support cycling but all have fiscal support for public transport and most support company car use.

In most countries, the provision of a company car to employees for private use is taxed at very advantageous rates, which gives an incentive for artificially high car use and puts other, more sustainable and healthy modes of transport at a disadvantage. According to a paper published by the European Commission, tax subsidies for company cars lead to direct government revenue losses of € 54 billion and additional welfare losses of € 12 to € 37 billion.\textsuperscript{17}

In addition public transport benefits from a favourable tax treatment by enjoying reduced rates for Value Added Tax. We support this approach because of the importance of public transport to the goals of the EU, but we should expect this precedent to be extended to cycling which brings even greater return and reduced externalities.

At the EU level the Commission and Member States should

- Correct the situation where only bicycle repairs can be taxed at reduced rates of VAT. Align cycling with the public transport sector by making the purchase of bicycles, accessories and services such as Public Bike Share and Cycle Logistics eligible for reduced VAT.
- Support the implementation of the “level playing field” to ensure cycling receives comparable fiscal treatment to company cars in every Member State. Use ECF’s study of possible options to bring fiscal support for cycling to 10% of support for company cars, increasing support for cycling through the level playing field of up to €5.4billion per year, with benefits to society of up to €30billion per year.

\textsuperscript{16} www.ecf.com/fiscalincentives
\textsuperscript{17} http://ec.europa.eu/taxation_customs/resources/documents/taxation/gen_info/economic_analysis/tax_papers/taxation_paper_22_en.pdf
8. Contact and organisational details

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