FEEDBACK BY THE MALTA CHAMBER

Position on Combined Transport Directive

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1. INTRODUCTORY AND SUMMARY POINTS:

As a peripheral island economy reliant on maritime links to access the European Single Market, the Malta Chamber of Commerce, Enterprise and Industry welcomes the joint position and constrive approach taken by CLECAT and other associations to revive substantive discussion on the Combined Transport Direction.

While cautioning against rigid, one-size-fits-all regulations that ignore structural geographic inequalities and create economic distortions, we note that countries like Malta, Ireland and Cyprus do not view combined transport as merely an optional green alternative—it is a permanent necessity.

We agree that rather than reopening the entire European Commission proposal, this common position can succeed in its aims, that is, to secure a focused, legally workable package of targeted amendments to reactivate negotiations while preserving the operational benefits of the existing framework.

We do note however there are several important assertions which should be included in this limited scope window to ensure a true level playing field across the Union. In summary, our **Key Priorities** are:

- **Geographic Flexibility:** Safeguarding tailored provisions for island and peripheral states where maritime legs form the primary connection to mainland supply chains.
- **Pragmatic Amendments:** Prioritising high-impact, achievable revisions to restart inter-institutional dialogue without jeopardising current operational protections.
- **Market Parity:** Addressing structural cost and operational disadvantages to ensure fair market access across all EU member states.

2. THE CRITICAL EU CONTEXT AND LEGISLATIVE EMERGENCY

The Malta Chamber expresses profound concern regarding the European withdrawal of the revision of the Combined Transport Directive from its current Work Program.

Abandoning this file is freezing European transport policy in 1992, severely damaging the competitiveness of peripheral logistics networks.

Crucially, at the coordinator level prior to the European Parliament's TRAN Committee meeting in January 2026, a decisive cross-party majority formally opposed the withdrawal of this proposal. This institutional opposition directly challenges the Commission's withdrawal criteria.

Our main recommendation, moving forward, is that the framework must adapt to integrate clear, legally binding exemptions for the structural realities of island states.

The existing Directive 92/106/EEC relies on paper-based enforcement, fragmented national incentive schemes and rigid distance thresholds.

While it aims to support combined transport by removing specific authorisation procedures and offering fiscal reliefs under Article 3, **its criteria fail to capture short-sea shipping dynamics**. This leaves cross-border operations exposed to severe legal uncertainty, disproportionate administrative complexity and an uneven playing field that penalises SMEs in island states.

3. MALTA'S STRUCTURAL CONSTRAINTS

Malta is a peripheral island state covering just 316km square, with a population of approximately 570,000 inhabitants, lacking any land-bridge, fixed link, or rail network connecting it to mainland Europe. Moreover, our economy is structurally dependent on maritime and air transport.

The European Single Market serves as the absolute backbone of Malta's international trade through:

- 55% of all national imports originate directly from the European Single Market.
- 40% of all national exports are destined for European Union Member States.

Malta's small domestic market limits trade volumes, leading to inherent diseconomies of scale, narrow economic diversification and structural vulnerability. Local industries must maintain continuous, reliable access to industrial raw materials and components to remain integrated into global supply chains.

Furthermore, local consumers rely heavily on maritime supply lines whereby **80% of all food consumption in Malta is imported**. Under these conditions, 'Just-in-Time' logistics is not a management choice, it is an economic lifeline.

4. OPERATIONAL REALITIES AT OUR GATEWAY TERMINALS

The Valletta Gateway Terminals (VGT) serves as Malta's multi-purpose cargo node. While it processes diverse cargo formats, including breakbulk and conventional freight, its core economic anchor is unitised Roll-on/Roll-off (Ro-Ro) traffic.

The national supply chain depends on a concentrated, high-frequency maritime corridor:

- The primary carriers being Grimaldi Lines and Grandi Navi Veloci (GNV) provide the core capacity.
- Operational frequency maintains 7 weekly port calls in Malta.
- These services connect Malta directly to Catania, Palermo, Salerno, Livorno and Genoa, which serve as the primary landing points to the wider European transport network.

These seven weekly maritime port calls feed consumer essentials, industrial inputs, and medical/pharmaceutical goods directly into the domestic supply chain, while serving as the sole conduit for Malta's manufacturing exports.

To optimise asset utilisation and manage extreme driver shortages, Maltese freight forwarders rely heavily on **unaccompanied trailers** (containers on wheels).

Trailers are loaded onto Ro-Ro vessels in Valletta without tractor units or drivers. Mechanical horses and tractor units permanently stationed at continental ports, predominantly Genoa, collect the trailers upon arrival to execute the onward land leg.

This operational framework mirrors the 'Multi-Modal Model' deployed on the rolling motorway between Cherbourg and Mouguerre (launched July 2025) to handle unaccompanied trailers arriving from Ireland.

Island states like Malta and Ireland have systematically pioneered this model without EU financial assistance.

5. THE FALSIFIED PREMISE OF 'INEVITABILITY'

In its formal reply to European Parliament question **E-000207/2022**, the European Commission asserted that:

"In the case of transport to and from islands, intermodal transport is already inevitable, so its share is unlikely to be further influenced by any road support measures."

The Malta Chamber strongly rejects this assessment. It displays a fundamental misunderstanding of commercial transport economics and ignores two critical differentiators:

a. Island Territories vs Island States

When an island forms part of a larger continental Member State (e.g., Sicily), the central government bears the legal and financial responsibility to maintain connectivity via public service obligations (PSOs), structural funds, or state aid.

Italian hauliers, for example, access extensive regional aid frameworks like **Marebonus** and **Ferrobonus**, which directly subsidise intermodal rail and sea costs.

Conversely, Malta's connectivity depends entirely on commercial viability and open market conditions, leaving local operators to absorb full cost shocks without equivalent national backstops.

b. The avoidable Long-Sea Route option

Moving freight from Malta to Northern Europe via Genoa is **not** an inevitable non-road leg.

Hauliers possess an alternative road option, which is that they can take a short, direct maritime ferry crossing to Pozzallo/Catania, pass through the Messina Strait via fast ferry, and drive the tractor and trailer across the entire 1,300 km length of the Italian peninsula.

Opting instead for a 600 nautical mile[1] direct long-sea journey to Genoa is a deliberate, pro-environmental business choice. Far from being 'inevitable', this route represents a voluntary commitment to sustainable modal shift that should be legally recognised, incentivised, and rewarded under the CTD.

6. ENVIRONMENTAL AND STRATEGIC CO2 QUANTIFICATION

The environmental efficiency of choosing long-sea routes over peninsula driving is mathematically stark. Fleet data confirms that utilising the Malta–Genoa long-sea maritime link instead of driving the Pozzallo–Genoa land route yields a **70% net reduction in CO2 emissions**.

Emission Performance Matrix (22,551 Maltese Trailers Annually)
Total Emissions (Driving Route) = 58,452 tCO2
Total Emissions (Long Sea Route) = 17,747 tCO2
Savings = 40,705 tCO2 (70% Net Reduction)

As explained in the above box, the choice of route results in highly divergent environmental footprints:

[1] 600 nautical miles is exactly 1,111.2 kilometres. For a quick mental conversion, 1 nautical mile is exactly 1.852 kilometres.

- **The Peninsula Driving Route (Pozzallo to Genoa via Italian Highways),** generates an annual carbon burden of 58,452 tonnes of CO2.
- **The Long-Sea Maritime Route (Direct Malta to Genoa Ferry)** limits the annual carbon footprint to just 17,747 tonnes of CO2.

The conclusion is that the long-sea journey removes 40,705 tonnes of greenhouse gases from the atmosphere every year, meeting the exact intent of EU green transport goals.

The unaccompanied trailer model yields secondary structural efficiencies that align directly with the European Green Deal and energy sobriety mandates:

- **First argument is capacity expansion without tractor units**, whereby Ro-Ro vessels accommodate **20% more cargo volume** per sailing. Five stationary tractors occupy the physical deck space of an entire freight trailer.
- **Secondly, vessel tonnage reduction is achieved,** eliminating heavy tractor units. This reduces the gross deadweight on board. Lighter vessels operate with higher fuel efficiency per shipped ton, reducing aggregate transport emissions at sea.
- **The resulting fuel savings significantly decrease the EU logistics sector's overall fossil fuel exposure**, advancing energy security objectives during ongoing supply disruptions.

7. UNINTENDED REGULATORY DISTORTIONS & COMPETITIVENESS GAP

The economic position of island logistics providers has deteriorated due to overlapping regulatory demands. Rather than providing a level playing field, current EU frameworks impose cumulative structural penalties on island states.

If we look at the Impact of Mobility Package 1, provisions governing the posting of drivers, cabotage limitations, and mandatory vehicle returns[2] have created severe operational distortions. Thankfully, the mandatory vehicle return / return of the truck has been overturned on 4 October 2024 in Joined Cases C-541/20 to C-555/20, so Article 1(3) of Regulation 2020/1055 no longer applies.

The other two distortions remain...

- **The Cabotage and Posting issue:** Unaccompanied trailers landing at continental ports trigger immediate, complex posting procedures. Island hauliers find themselves caught in severe administrative friction and compliance costs that disproportionately penalise small and medium-sized operators.
- **Inflexible Driving and Rest-Time mandates:** Forces driving cycles into rigid windows that fail to align with long-distance maritime connections. This ignores the human dimension of island hauliers, creating personal travel hardships for drivers on continental legs.

The consequence of the above lead to **compounding maritime cost additions**, which include:

[2] Dictated that tractor units must return to their island Member State of registration every eight weeks. This single clause slashes active operational fleet capacity by 10% to 15%, forcing operators to pay for empty shipping space with zero economic or environmental gain.

- Compliance with strict maritime sulphur limits has added an **immediate cost penalty to every roundtrip journey between Malta and Genoa**, further eroding the commercial competitiveness of regional transport operators.
- With the phase-in of the maritime Emission Trading System (ETS) now fully active, **shipping companies are fully absorbing these carbon costs**, **passed on to haulage companies**. This ongoing regulatory requirement continues to drive ferry freight rates higher, further distorting competition between mainland and island hauliers.
- Following Brexit, Maltese hauliers transiting the UK land bridge face **extensive customs guarantee costs, rigorous inspections and unpredictable border delays.**

8. ALLIANCE CONVERGENCE AND LEGAL GROUNDING

The Malta Chamber notes that we explicitly align with the core policy principles pushed forward by CLECAT, whereby we agree that:

1. **Modal Shift is NOT a Plug-and-Play,** meaning that shifting freight from unimodal road transport to rail or short-sea options requires reliability, cost-competitiveness, sufficient infrastructure capacity and digital information flows.
2. The 1992 Directive creates severe **legal uncertainty for cross-border operations and generates an uneven playing field** that actively discourages intermodal uptake.
3. The EU must transition from rigid, uniform regulations to **geography-sensitive, proportionate policies** embedded within climate, energy, and transport legislation.

The Malta Chamber notes that the **European Union has a constitutional duty to address these structural imbalances**, because equality and equity are not interchangeable. Applying uniform rules to unequal contexts produces deeply inequitable outcomes. Therefore, our positions rest on solid primary EU law:

- Article 174 TFEU explicitly requires the EU to reduce regional disparities, focusing heavily on regions facing permanent natural or geographical handicaps, including islands.
- Declaration 33 clarifies the legal definition, confirming that the term ‘island regions’ is broad enough to encompass island states in their entirety.

This clear constitutional basis requires targeted regulatory relief embedded within the Single Market rules, not just temporary structural funding.

9. LEGISLATIVE RECOMMENDATIONS

To correct these structural distortions, The Malta Chamber outlines the following precise, technical amendments to the Combined Transport Directive text:

1. Automatic recognition of Island Maritime Freight within CTD:

All maritime freight operations connecting island Member States to mainland Europe must automatically qualify as Combined Transport operations, independent of distance thresholds or vehicle configurations.

1.1. Proposed Insert - New Article 1c(3a):

"*Semi-trailers registered in Cyprus, Malta and the Republic of Ireland shall be considered as operating under the combined transport regime for all legs of their journey within the European Union, provided the journey includes a maritime transit connecting the island Member State to the continental mainland*."

2. Abolition of the 150-Kilometer Road Leg Cap

The current 150 km cap in Article 4 of Directive 92/106/EEC penalises operators utilising longer, more sustainable sea legs. As explained, a trailer arriving in Genoa from Malta and hauled to Germany loses its CT status once it exceeds the 150 km radius. This cap must be removed for island traffic, and the driver/vehicle return obligations must be disapplied.

3. Dual-Track eligibility criteria & external cost alternative

Transport operators must be empowered to choose between a distance-based criterion and an external cost reduction methodology to qualify under the directive.

Proposed Revision - Article 1c(2a):

"*Except for operations referred to in point (b), the operation qualifies if it produces at least 40% less external costs than the alternative unimodal road transport operation, OR the lorry, trailer, semi-trailer (with or without tractor unit), swap body, or container of 20 feet or more uses the road on the initial or final leg of the journey and, on the other leg, rail, inland waterway, or maritime services, provided that the distance of the non-road mode is always superior to the distance of the road mode*."

4. Specific Island Intermodal Protections

To cite an example pertaining to Ireland, for instance, to protect routes devoid of alternative infrastructure; the external cost reduction threshold must be adjusted when comparing maritime options or transiting third countries.

Proposed Revision - Article 1c(2b):

"*In the case of connections between an island or an island nation and the mainland without a direct road alternative, the operation qualifies if it produces at least 20% less external costs than the alternative maritime intermodal operation. Distances covered outside of the EU territory (e.g., transiting the United Kingdom land bridge) shall be fully included in the calculation of avoided external costs for operations between two EU Member States, provided that the distance of the non-road mode is longer than the distance of the road mode*."

5. Simplified Methodology, Enforcement and Operational incentives

Firstly, if an external cost pathway is selected, calculations should be restricted to three easily verified metrics: **air pollution, noise and CO2 emissions**.

Secondly, we favour transitioning fully to digital verification utilising the **electronic Freight Transport Information (eFTI)** framework, eliminating paper checks and reducing administrative burdens for SMEs.

Thirdly, **targeted Operational Incentives should g**rant certified island CT operations specific regulatory exemptions, including:

- Enhanced flexibility for maximum gross vehicle weight limits.
- Removal of weekend, holiday, and night traffic bans for land legs.
- Direct infrastructure toll rebates, fuel tax adjustments and retrofitting grants for specialized intermodal trailers.

Furthermore, island maritime connections should be guaranteed priority access under the **Connecting Europe Facility (CEF)** and the **European Maritime, Fisheries and Aquaculture Fund (EMFAF)**, while formally referencing these pathways in the upcoming **EU Port Strategy**.

6. CONCLUSION

The Malta Chamber stands ready to collaborate with CLECAT, the European Parliament, and the Commission to advance these essential updates, ensuring the **Single Market operates as a fair, competitive, and accessible space for all Member States.**

About The Malta Chamber

The Malta Chamber of Commerce, Enterprise and Industry is the independent voice of the private sector in Malta. Its principal mission is to actively represent companies from all economic sectors and ensure that entrepreneurs enjoy the best competitive environment and regulatory conditions possible for the conduct of business.

For the purposes of delivering on its mission, it has a well resourced in-house policy department that engages in desk research which complements feedback generated through its internal network of vertical and horizontal policy committees for the production of policy position papers.

The Chamber is the longest established Social Partner in Malta – having been established in 1848. It is the only Employer organisation that is recognised by the Laws of Malta (Commercial Code Cap 13). As a result of its merger with the FOI in 2009, it is also the strongest represented Employer body on such national boards as the MCESD, ERB, ME, MEUSAC and others.

Housed within its historic Exchange Buildings in Valletta, the Chamber serves as a natural home for SMEs and large enterprises alike and across all business sectors. Through its active internal structures, the Chamber enables effective communication across all stakeholders as well as ensuring a series of value-added services to business not least in the field of internationalisation.

The Chamber is affiliated to Eurochambres and BusinessEurope. It is also part of the Enterprise Europe Network which enables it to offer practical value-added services to members and clients through the support of around 600 business support organisations from more than 64 countries, with the principal aim of helping small companies seize the unparalleled business opportunities in the EU Single Market.

The Malta Chamber is certified by the Malta Competition and Consumer Affairs Authority to comply with the requirements of MSA ISO 9001:2015.