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EUROPEAN COMMISSION GREEN PAPER ON THE TEN-T POLICY REVIEW

IRU contribution to the public consultation on the review of the European transport infrastructure policy.

I. BACKGROUND

The European Commission (EC) adopted a Green Paper on 4 February 2009 setting out the future challenges of its policy for a trans-European transport network (TEN-T). This review is supposed to better reflect European transport-related objectives i.e. the promotion of economically and environmentally efficient, safe and secure transport services, as well as socio-economic objectives. A public consultation¹, open to all interested stakeholders, was launched at the same time and will remain open until 30 April 2009. The EC foresees legislative and non-legislative initiatives to follow from the Green Paper, including a revision of the TEN-T Guidelines.

The TEN-T policy was conceived in the early to mid-1990s and was established by Decision of the European Parliament (EP) and the Council in 1996. The Treaty establishing the European Community defines TEN-T policy as a contribution towards achieving the objectives of the internal market and social, economic and territorial cohesion for the benefit of all citizens and economic operators.

TEN-T Guidelines - last modified in 2004 - promote an integrated approach and envisage, as the ultimate policy objective, the establishment of a single, multi-modal network, covering both traditional structures and equipment i.e. information technology services. The current TEN-T Guidelines include two planning layers: a comprehensive network layer (outline plans for rail, road, inland waterways, combined transport, airport and port networks) and a second layer of 30 Priority Projects – i.e. selected projects of common interest.

The TEN-T issue is either directly or indirectly linked to several other community policies such as Climate change, the Freight Logistics Action Plan, the Action Plan on intelligent transport systems (ITS) in road transport, the Greening of Transport package, road safety and weights and dimensions of vehicles.

II. CONTENT OF THE GREEN PAPER AND QUESTIONS RAISED BY THE EC

1. General overview

The Green Paper presents different issues and raises a number of questions for each issue. According to the EC, the planning of future transport infrastructure is closely linked to demand

¹ http://ec.europa.eu/transport/infrastructure/consultations/2009_04_30_ten_t_green_paper_en.htm

forecasts. However, the EC considers that other influencing factors should also be taken into account, such as projections and plans concerning economic and population trends, energy prices, transport pricing and taxation, the development of urban and territorial structures, as well as technological developments. On the policy side, the EC underlines the importance of demand management measures (taxation and charges), in particular the internalization of external costs and the application of ITS.

So far, €400 billion has been invested in the TEN-T with one-third of that coming from Community sources. The estimated remaining cost is €500 billion. 85% of the TEN-T Priority Projects funds were allocated to the rail sector (completion still requires €210 billion by 2020). According to the EC, almost 20.000 km of the planned road links remain to be built or substantially upgraded, as well as over 20.000 km of railway lines and 600 km of inland waterway links.

The EC Green Paper underlines issues in the field of freight transport such as congestion, CO₂ emissions, infrastructure and organisational gaps.

Q1) Should the Commission's assessment of TEN-T development to date cover any other factors?

IRU Observations:

Apparently there is a considerable delay in the implementation of the current program as almost 25% of the projects still need to be undertaken. The IRU would thus argue that the initial plan has been too ambitious and would encourage the EC to redirect infrastructure priorities in order to make them more achievable.

The Green Paper stipulates that project decisions are, to a large extent, based on demand forecasts. However, the IRU questions this. The EC uses demand management to try to influence and control transport demand through a forced modal shift in the field of goods transport. This approach has proven to be unsuccessful as demonstrated by the development of modal shares between transport modes. The IRU calls for demand management to be left to the users and to industry. In this respect, it should be noted that any growing demand for road transport services is a consequence of economic growth, from which it cannot be separated. If demand forecasts were really taken into account, project decisions would have been more favourable for road transport. As a growth rate in transport of 34 % is expected between 2005 and 2020 and road transport is carrying over 75% of transport volume and more than 90% of value of Europe's inland freight distribution, this should have resulted in increasing the funds given to road transport related projects instead of to other modes. Therefore, the IRU requests that this role be reflected in policy actions, including the allocation of funds via the TEN-T budgets.

The IRU calls for a commercially auditable business analysis to be undertaken prior to a decision in the field of transport infrastructure. The World Bank demonstrated that the economic return of road infrastructure projects is higher than any other infrastructure projects. They record average economic rates of return of 29% for road infrastructure, 20% for port infrastructure and 12% for rail infrastructure. Unfortunately, the EC does not follow this approach. €400 billion has been invested so far in TEN-T but there is no mentioning of the modal distribution in the Green Paper. It is known, however, that most of the efforts and resources from the TEN-T project have been devoted to and spent on railway infrastructure projects, without the EC providing any information about the corresponding effect on the railway's market share in freight and passenger transport. Likewise, the Motorways of the Sea priority project is aimed at reducing emissions from road freight transport, but the Green Paper does not assess how many tons of CO₂ this project has removed from the road networks.

Other missing factors in the Green Paper are related to innovation and safety. The IRU calls for real business incentives to be provided and used for accelerating road transport operators' contribution to environmental protection through innovative, at-source measures. These innovations can only bring full benefits to the society if the EC and governments ensure the best possible use of existing road infrastructure and invest adequately in new road infrastructure to eliminate missing links and bottlenecks. Infrastructure guaranteeing free-flowing traffic is essential

to ensuring successful innovation in every transport mode, including road transport. This should be taken further into account. In this respect, the IRU would like to draw the attention of authorities and private partners to the need to give incentives to the use of 3-axle touring coaches as they reduce road wear, thanks to a better axle distribution of the total vehicle weight.

The IRU, in addition, calls for using the TEN-T budgets for enhancement of road safety, which should be done by targeting the main causes of accidents involving commercial vehicles using e.g. results from the ETAC study.

Finally, it should also not be forgotten that infrastructure should first and foremost be at the service of the user rather than at the service of EU Transport Policy

2. The future of the comprehensive network

The EC underlines the importance of the comprehensive network in fulfilling the “access function” of TENs, but points to its shortcomings, such as the discrepancy between the overall planning ambitions and the means of stimulating and monitoring implementation and a lack of focus from a European perspective. According to the EC, reviewing the methodology for updating and monitoring it is essential and Member States would certainly have to assume more binding responsibility.

Q2) What further arguments are there for or against maintaining the comprehensive network, and how could the respective disadvantages of each approach be overcome?

IRU Observations:

For the IRU, the most essential problem is not with the “comprehensive network” as such. The planning and financing were way too ambitious. More realistic planning, compatible with available financial means, would make it possible to maintain a comprehensive network. More effort must also be put into ensuring the right coordination at EU level between the different national projects and the EU projects.

3. Possible incorporation of a 'priority network'?

The EC considers switching from a priority projects approach to a priority network approach, in which ports and airports would be the network's entry points and the main inter-modal connection points. The EC insists on taking account of major traffic flows and on the need for a fully interoperable network with agreed target capacity standards for all infrastructure components involved.

Q3) Would this kind of priority network approach be better than the current priority projects approach? If not, why not and what are the particular strengths of the latter? If so, what (further) benefits could it bring, and how should it be developed?

IRU Observations:

The IRU welcomes the approach of using the major traffic flows as indicators of priority spending of TEN-T funds but is concerned that limiting the networks entry points to ports and airports would lead to significant failures when defining the priorities. Therefore, the IRU calls for using the major traffic flows as indicators of priority networks and the TEN-T funds should be used to optimize the infrastructure for both passenger and freight transport in these priority networks through both the extension and improvements of the road network e.g. in investing in the development of dedicated lanes for buses and coaches and through an improved inter-modal offering. Here, the principle of optimizing the performance within each mode and the interchange between modes are essential and should be included in the Green Paper. The draft mentions climate change as the main driver for future spending of TEN-T funds. The IRU sees this as a potential risk of misusing funds for a forced modal shift that, over the past few years, has proven to be a useless effort without no environmental benefit, and calls instead for adopting a sustainability approach which, besides determining the potential environmental benefits, should also include economic and social costs and benefits before any decisions can be taken.

4. A “conceptual pillar”

According to the EC, the conceptual approach of TEN-T could be considerably broadened in order to cater for infrastructure needs resulting from business-oriented measures in the different transport service sectors. Aiming mainly to optimize the use of existing infrastructure initially, this approach could, on the one hand, reflect evolving infrastructure needs and introduce more flexibility into the concept of projects of common interest. On the other hand, it would establish a direct link between the Community's transport policy objectives and its infrastructure policy.

- Q4) Would this kind of flexible approach, to identify projects of common interest, be appropriate for a policy that, traditionally, largely rests on Member States' individual infrastructure investment decisions? What further advantages could it have, and how could it best be reflected in planning at Community level?

IRU Observations:

The IRU calls for any infrastructure project to solve current problems related to congestion, missing links and/or safety and security. It should thus not be left to individual Member States to define priority projects without taking into consideration overall European transport efficiency and sustainability. The IRU calls for a stricter assessment at Community level that should include an in-depth analysis of the, in our view, required costs and benefit calculations of each project from a local, regional, national and community perspective before finally deciding the list of priority projects. The Community should, in addition, conduct assessments of completed projects in order to improve the effects of future spending from the program.

5. Infrastructure issues of particular relevance to future TEN-T development

The following specific issues should be addressed in the future TEN-T planning: differing needs of passenger and freight traffic (freight access by lorry to cities requiring that environmental and urban planning issues be taken into account), airports and ports as Europe's connecting points to the world, waterborne transport in the EU, and freight logistics (parking areas for commercial vehicles and ITS systems as both infrastructure components and means of tracking and tracing goods).

- Q5) How can the different aspects outlined above be best taken into account within the overall concept of future TEN-T development? What further aspects should be taken into consideration?

IRU Observations:

Since transport operators are the real users of the TEN-T network, the transport infrastructure policy should be first and foremost at the service of the users rather than at the service of the European transport policy. Without efficient road transport, there cannot be economic and sustainable development. The EC should therefore put in place policies that facilitate rather than hinder road transport operations if they are to meet their agreed economic, social and environmental goals. In the field of freight transport, the IRU calls for the EC to fully abandon modal shift as a way to solve environmental issues as it is important to recall that 85% of road freight transport is below a distance of 150 km, a distance where there is no viable alternative to road transport

The IRU considers that the TEN-T can and should contribute to making road transport more sustainable in itself, in accordance with the principle of optimising all modes of transport. The IRU calls for an increased and strengthened mutual cooperation between Member States for the construction of road infrastructure (including secure parking) and related facilitation of road transport. Furthermore, the establishment of a sound economic, sustainable and social legal framework governing and facilitating cross-border and transit transport by road would greatly improve economic development, travel and trade all over Europe.

Lack of rest areas in all Member States has also become an important issue for the commercial transport industry since this often prevents European drivers from respecting European legislation, especially social legislation (driving and rest time rules).

Finally, the IRU considers that the improvement of multi-modal transport is missing, to some extent, in the current draft, despite the well-known current inefficiency and inadequacies of multi-modal terminals in serving combined rail-road transport. Indeed, rising consumer expectations and growing demand for personal mobility require efficient logistic chains and inter-modal transport networks, in which road transport plays a pivotal role.

Q6) How can ITS, as a part of the TEN-T, enhance the functioning of the transport system? How can investment in Galileo and EGNOS be translated into efficiency gains and optimum balancing of transport demand? How can ITS contribute to the development of a multi-modal TEN-T? How can existing opportunities within the framework of TEN-T funding be strengthened in order to best support the implementation of ERTMS European deployment plan during the next period of the financial perspectives?

IRU Observations:

ITS can bring a lot of new opportunities to enhance not only safety and security but also efficiency and environmental performance for all road users. The IRU is therefore in favour of ITS applications for the road transport sector as long as they provide significant safety, environmental and economic benefits. A number of issues should be taken into account

- *Any deployment plan for ITS applications within the future TEN-T program should include solid business cases, proving to all stakeholders what benefits exist and the costs involved. Providing incentives for take up by the users should be included in the business plan.*
- *ITS applications must be standardised, harmonised and interoperable in order to improve effectiveness and reliability of transport as a whole.*
- *The application of ITS must be, to the widest extent possible, on a voluntary basis, and it is imperative that it should not hinder any stakeholder in the transport chain from maintaining freedom of choice for the means of transport they use.*
- *Road transport operators should also maintain freedom of choice when selecting ITS equipment and application suppliers. For example, ITS applications using satellite positioning should not be limited to using Galileo, but instead the most effective and functional solution should be selected. Finding a positive business case for Galileo, which the Commission is today spending billions of taxpayers' money on without any realistic assessment of its costs and benefit, should not be misused when applying ITS applications to the transport sector using the TEN-T funds. Future projects as Galileo would require an adequate management structure in addition with a serious business case.*
- *ITS applications should be used to ensure that all transport documents can be made available in electronic format for operational as well as enforcement use. Confidentiality of commercial data must be ensured at all levels, also when used in multi-modal transport chains.*

6. Innovation

The EC underlines the considerable potential for innovation of the transport sector, including new generations of ITS and vehicles and new energy forms in transport which are likely to shift the traditional boundaries between infrastructure and vehicles.

Q7) Do shifting boundaries between infrastructure and vehicles or between infrastructure provision and the way it is used, call for the concept of an (infrastructure) project of common interest to be widened? If so, how should this concept be defined?

IRU Observations:

The boundaries between vehicles and infrastructure are decreasing, which means that any infrastructure project should include ITS elements, which are of use to the vehicles. The IRU in this respect calls for the introduction throughout the TEN-T network of a parking information and booking system where the authorities should be responsible for reporting information about and availability of heavy vehicle parking to a neutrally run information system. In addition, the border control authorities of the EU external borders should be responsible for reporting border waiting times to a neutral-run border waiting time system such as the one run by the IRU. Finally, how it would be possible, for efficiency and sustainability reasons, to use longer and heavier vehicles on the TEN-T road network, should be investigated.

7. A TEN-T “core network”?

The EC introduces the notion of a “core network”, less extensive than the comprehensive network and concentrating on elements of high relevance to achieving the TEN-T policy objectives. Such a network strategy could include both a priority network and a conceptual pillar, thus reflecting the need for flexibility and market orientation. It may also evolve over time, to ensure optimal integration of all infrastructure (“hard” and intelligent), interconnection between modes, and act as a vector for innovation – both technological and organisational.

Q8) Would this kind of core network be “feasible” at Community level, and what would be its advantages and disadvantages? What methods should be applied to its conception?

IRU Observations:

A core network approach would only work if the existing modal shift attitude in the field of freight transport was fully abandoned. As long as this attitude remains there will be no difference between having the existing network or a core network. However, if a truly co-modal approach were to be followed, which facilitates road transport at the same level as intermodal rail and maritime transport, then it naturally would be beneficial to focus the efforts on a slimmer core network. This would make it possible to issue a number of core network projects that would have undergone in-depth cost benefit analysis before deployment and conduct an efficient post- deployment evaluation to guide future “investments”. The IRU would welcome such an approach that would provide equal opportunities for each mode of transport within the TEN-T budgets.

8. Overall financing of the projects of common interest established in the TEN-T plans

Completion of TEN-T remains a major financial undertaking. The EC admits that Community financial instruments in their current form have not been able to bring about full and timely completion of all the projects involved.

Q9) How can the financial needs of TEN-T as a whole, in the short, medium and long- term, be established? What form of financing, public or private, Community or national, best suits different aspects of TEN-T development?

IRU Observations:

The IRU has consistently called for the EU Member States to ensure that the enormous revenue from transport taxes and charges, especially on road transport, be earmarked to transport-related projects. As such, the money should be increasingly used for infrastructure-related projects instead of being allocated to the general state budget. The IRU also calls for more transparency. The EC should steer Member States and instruct them on how best to spend funds on priority projects. They should base this on the in-depth cost-benefit studies needed for all TEN-T activities and make use of available studies and figures, such as the World Bank studies that clearly show that the economic return of road infrastructure projects is higher than any other infrastructure projects. They record average economic rates of return of 29% for road infrastructure, 20% for port infrastructure and 12% for rail infrastructure. Furthermore, the EC and Member States should redefine priorities and implementation to make them more compatible with available financial resources. No additional taxes and charges should be levied on road transport because they

already sufficiently cover road transport infrastructure and external costs. All other modes should equally cover all their own costs.

Q10) What assistance can be given to Member States to help them fund and deliver projects for which they are responsible? Should private sector involvement in infrastructure delivery be further encouraged? If so, how?

IRU Observations:

See Q9

9. Community financial instruments in support of TEN-T implementation

According to the EC, a key issue for the future as regards implementation of TEN-T policy is to streamline the allocation of grants and to link it to an individual project's level of 'European added value'. Grants are currently allocated under the TEN-T budget line and the Cohesion and European Regional Development Funds. The EC mentions additional instruments, such as the Loan Guarantee Instrument introduced in 2007 and the Risk Capital Facility (a pilot initiative for equity provision activity under the TEN-T budget).

Q11) What are the strengths and weaknesses of existing Community financial instruments, and are new ones needed (including "innovative" instruments)? How could the combined use of funds from various Community resources be streamlined to support TEN-T implementation?

IRU Observations:

First of all, there is a huge lack of coordination amongst the various DGs of the EC. This leads to wasted funds and lost opportunities. The IRU sees it as beneficial for there to be the possibility of entering into true public/private partnerships (PPP) when it comes to determining projects and allocation of funds. Only in this way the participation of all involved stakeholders can be guaranteed and thus avoid projects being conducted without the involvement of those stakeholders that need finally to adopt and use the final results, which naturally have a high risk of misspending of resources instead of tackling current operational problems and issues.

10. Community non-financial instruments in support of TEN-T implementation

European coordinators are currently appointed by the EC to help prepare and implement certain priority projects. In the Green Paper, the EC promotes a "corridor coordination approach" that would need to involve all the relevant stakeholders – infrastructure providers, operators, users and local and regional authorities – in the frame of any core network approach, in order to help stimulate the implementation of more major TEN-T projects. The EC also mentions the implementation of the Open Method of Coordination to TEN-T that could help to establish a common working framework for the EC, the TEN-T Executive Agency and the Member States.

Q12) How could existing non-financial instruments be improved and what new ones might be introduced?

IRU Observations:

The IRU welcomes the plans to involve all relevant stakeholders in any future network approach, but would propose going one step further to establish a PPP scheme where there is an allocation of funds directly to these PPPs. This means that the PPP would have a decisive say over which projects to call for and which projects to eventually fund. Only by directly involving the various professional sectors will there be a guarantee of value for money.

11. Possible options for further TEN-T development

The Commission considers three options for further TEN-T development to be possible:

- Maintaining the current dual layer structure with comprehensive network and (unconnected) priority projects;

- Reducing the TEN-T to a single layer (priority projects, possibly connected into a priority network)
- Dual layer structure with the comprehensive network and a core network, comprising a geographically defined priority network and a conceptual pillar to help integrate the various transport policy and transport infrastructure aspects.

Q13) Which of these options is the most suitable?

IRU Observations:

The IRU would consider option 3 as the most likely to fulfil the imperative need for full transparency and the production of a sound cost-benefit analysis before taking any decision on investment and resource allocation aimed at solving concrete problems on the core road networks. The IRU still considers the PPP approach as the best possible way to ensure the best balance between modes and an acceptable return on investment when prioritizing infrastructure projects and allocating EU funds.

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