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## **BUSINESSEUROPE RESPONSE TO THE EUROPEAN COMMISSION GREEN PAPER 'TEN-T: A POLICY REVIEW'**

### **EXECUTIVE SUMMARY**

This paper constitutes BUSINESSEUROPE's response to the consultation that the Commission is currently undertaking on the policy review of the trans-European transport network (TEN-T), which aims to shape the future multimodal network and to ensure timely completion.

BUSINESSEUROPE welcomes the trans-European transport network (TEN-T) policy review and believes that an efficient, complete and interoperable transport system is of utmost importance to reap the benefits of the internal market.

In this context, BUSINESSEUROPE believes that:

- TEN-T policy should adopt a more integrated approach to improve the functioning of the internal market and improve transport efficiency;
- The Commission should develop a rigorous methodology to identify and select the priority projects based on a strict socio-economic evaluation;
- TEN-T policy should promote co-modality;
- Stronger commitment at both EU and national level is needed on TEN-T funding;
- EU financial support should remain concentrated on cross-border projects;
- Future TEN-T guidelines should include an obligation for the EU to produce a European scoreboard to record the funds committed and disbursed by each Member State.

## **INTRODUCTION**

On 4 February 2009, the European Commission published a Green Paper 'TEN-T: a policy review – Towards a better integrated trans-European transport network at the service of the common transport policy'.

TEN-T policy has, to date, produced some important results across Europe. An example of this includes the Oresund Bridge between Copenhagen and Sweden, which has considerably increased business opportunities for companies, increased employment and contributed to more cooperation between universities, making the region more interesting for R&D and knowledge-intensive companies. The Paris-Brussels-Köln-Amsterdam-London high speed rail connection is another example of a successful project.

Without the financial, political and organisational support from the TEN-T programme, it is unlikely that projects such as these would have materialised.

However, there are a number of obstacles that have been hampering the effectiveness of the TEN-T. These include the lack of investments and uncertain engagement at EU and national level, weak planning and technical inconsistency.

In this context, the business community believes that it is time to undertake a fundamental review of TEN-T policy. A better integrated and fully implemented TEN-T will not only provide the infrastructure necessary for the internal market to function effectively by interconnecting national networks and overcoming technological barriers across borders but it will also improve transport efficiency and therefore yield reductions in CO<sub>2</sub> emissions.

Furthermore, an acceleration of TEN-T investments in the current economic climate would help to shore up the economy as an economic stimulus, as well as creating a lever to enhance medium and long-term economic growth through better transport links.

## **NETWORK PLANNING**

### ***TEN-T policy should adopt a more integrated approach***

BUSINESSEUROPE believes that there is vast room for improvement in the network planning process. As the Commission has stated in the green paper, planning the network so far has consisted of adding together significant parts of national networks for the different modes and connecting them at national borders. Whilst maybe appropriate in the early days of TEN-T policy, the EU's successive enlargements have weakened this approach.

In this context, BUSINESSEUROPE believes that a truly integrated transport network should be developed, which would link current and future priority projects. The network should be better linked up with ports, given that 90% of intra-EU international trade and 40% of internal trade pass through these. This is currently not the case: out of the 30 EU priority projects, only the Rotterdam-Antwerp-Genoa corridor has adopted a truly integrated approach to ports.

In the same manner, TEN-T should be better connected to airports and to intermodal terminals.

Whilst it would not be financially viable to try to connect all European ports and airports to the inland TEN-T network, there is a serious need to connect priority ports and airports to the network. This would entail a significant change to the current network of ports and airports which is too wide and impossible to sustain.

In this regard, the main European ports and airports in terms of traffic (approximately 30 of each), complemented by other infrastructures in special circumstances and for isolated countries, might be considered as first choice in the priority/core network.

BUSINESSEUROPE urges the Commission to develop a rigorous methodology to identify and select the priority projects covering major rail, road and inland waterway axes that cross several Member States. As the green paper rightly states questions still arise as to the methodological soundness of the selection of the current priority projects. Future projects should be subject to a strict socio-economic evaluation and for their high relevance to transnational traffic flows. In addition, the projects should have the potential for interconnection and extension (both geographically and modally).

Last but not least TEN-T policy should provide for good connections to Europe's immediate neighbours and the wider world to reflect the Community's growing international role in both political and economic terms.

### ***An effective TEN-T network will improve transport efficiency***

BUSINESSEUROPE strongly supports a more sustainable transport policy and believes that completion of the TEN-T network will contribute to making transport more efficient and reducing emissions. Better quality and a better integrated infrastructure network would not only help to reduce negative transport environmental effects, such as those resulting from congestion but it would also make the transport network safer and more efficient.



In this context, TEN-T should support climate change goals with infrastructure decisions focusing on the needs of transport. There is an urgent need to invest in infrastructure development for all modes due to EU projected transport growth, which will continue to be closely linked to economic growth. European competitiveness and economic growth are therefore highly dependent on further investments in infrastructure.

BUSINESSEUROPE finds that intelligent transport systems (ITS) should in future play a more prominent role in the TEN-T policy as these can help to accomplish transport policy objectives in many fields, including safety and security. Regarding transport efficiency, ITS will become an increasingly important tool to reduce congestion (e.g. through effective demand management) and fighting climate change (energy efficiency, eco-driving, green corridors and a more efficient and effective European co-modal transport system through e-freight, e-maritime). In this context, TEN-T funding must concentrate on the major EU traffic management systems and infrastructure such as Galileo, EGNOS, ERTMS and SESAR.

#### ***TEN-T policy should promote co-modality***

BUSINESSEUROPE has consistently supported the principle of co-modality and believes that it is important to recognise that the various modes play different roles and should be seen as being complementary to each other. It is necessary to ensure that all modes increase efficiency.

In the TEN-T planning process and selection of future priority projects, BUSINESSEUROPE believes that there should be a level playing field between the different modes.

In addition, a co-modal approach is needed for both freight and passenger transport.

### **NETWORK IMPLEMENTATION**

#### ***Public commitment and funding of the TEN-T***

The lack of public commitment to date at both EU and national level to financing transport network infrastructure reflects a disregard for the provision and maintenance of infrastructure necessary for network industries to function at a European level. In this context, the importance of infrastructure in European policy-making needs to be made more prominent.

Budgetary problems have been a major challenge for the implementation of TEN-T policy. Due to the cross-border nature of the TEN-T a prolonged delay in one part of the network leads to negative effects being felt in other parts of the network, which can undermine investments that have been made in other countries. In the case of the Eurotunnel for instance, the new high-speed connection between the tunnel and London was completed in 2008, more than 10 years after the tunnel's launch.

Only 4 of the 30 priority projects have been completed. Furthermore, the 2008 TEN-T progress report<sup>1</sup> estimates that the remaining investment needed for completion of the TEN-T priority projects is 120 billion EUR.

BUSINESSEUROPE believes that in future TEN-T funding should be allocated to a more restricted set of priorities in line with the planning conditions outlined in the previous section. This will better illustrate the 'European added value' of TEN-T funding and of the TEN-T policy in general.

In addition, EU financial support should remain concentrated on the cross-border projects and should be conditional on implementation of EU safety and interoperability norms, for instance only freight and high-speed rail projects foreseeing use of the ERTMS (European Rail Traffic Management System) installation should be supported.

### ***Public-Private Partnerships***

Besides national and EU public money, other financial solutions should be encouraged and used more frequently.

Public-private partnerships (PPP) will help to mobilise more financial resources, introduce more efficiency and enable a faster and more flexible delivery of the implementation works. A well-designed PPP contract effectively means that a provider is paid to innovate. Businesses know that they will only win – and keep – public service contracts if they can improve performance, improve efficiency and keep citizens satisfied. PPPs are just one form of 'other financial solutions' and there is almost certainly room in the market for other models.

### ***Revenue from infrastructure charging***

The green paper states that implementation of Community legislation in relation to infrastructure charging and internalisation of external costs should also give Member States additional possibilities both for better managing available capacities and optimising the transport system, and for financing new infrastructure and technologies.

Whilst BUSINESSEUROPE has strong concerns about the ongoing work on the internalisation of external costs, in particular, the revision of the Eurovignette directive<sup>2</sup>, earmarking revenues from road charging may represent an important source of finance for the TEN-T. These revenues should be set aside for investment in reducing the externalities of transport and for extending existing infrastructures or new-build. However, the use of these revenues for cross-subsidisation to make non-road modes more competitive cannot be justified. Instead the quality of service of non-road modes must be improved through opening up national markets to greater competition.

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<sup>1</sup> TEN-T 'Implementation of the Priority Projects Progress Report', May 2008  
[http://www.magistrale.org/download/2008\\_ten\\_t\\_implementation\\_en.pdf](http://www.magistrale.org/download/2008_ten_t_implementation_en.pdf)

<sup>2</sup> BUSINESSEUROPE letter on Eurovignette to MEP El Khadraoui (21 October 2008), available at [www.businessseurope.eu](http://www.businessseurope.eu).

### ***Other financial instruments***

BUSINESSEUROPE agrees with the Commission that other instruments outlined in the Green Paper such as Eurobonds should be used to increase the leverage effect of Community support. A better streamlining of EIB instruments is also needed.

The financial programming review due to take place in 2010 should be a window of opportunity to make sure spending on infrastructure is secured.

### **MONITORING THE IMPLEMENTATION OF PROJECTS**

BUSINESSEUROPE thinks that future TEN-T guidelines should include an obligation for the EU to produce a European scoreboard to record the funds committed and disbursed on each project by each Member State and the EU on an annual basis. This simple management tool would provide a quick and clear picture of how the various projects are advancing and offer information on the timing of the results.

The report presented to the informal Council meeting in May 2008 is a good example that should be repeated each year.

### **POSSIBLE OPTIONS FOR FURTHER TEN-T DEVELOPMENT**

In the green paper, the Commission considers three options for further TEN-T development and asks stakeholders for their opinion on the most suitable option. The three options are the following:

- (1) Maintaining the current dual-layer structure with the comprehensive network and (unconnected) priority projects
- (2) Reducing the TEN-T to a single layer (priority projects, possibly connected into a priority network)
- (3) 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.

Option 1 would entail maintaining the status quo, which BUSINESSEUROPE would not favour for reasons explained in the introduction.

BUSINESSEUROPE finds that the difference between option 2 and 3 is not clearly outlined in the Commission green paper. It is for instance difficult to assess the difference between a priority and a core network.



Taking into account the information outlined in the planning and implementation sections above, BUSINESSEUROPE thinks that the European Union should develop a master plan for an integrated transport network linking together current and future priority projects. Airports and ports included in the network should be ranked since the current comprehensive network of ports and airports is too wide and impossible to sustain.

While the priority network should represent the EU transport master plan, priority projects are needed as the tool to realise such a network.

BUSINESSEUROPE finds it important to secure a better match between the TEN-T programme's goals and the financial means allocated. In future it will be important to improve financial efficiency and avoid budgetary problems, as have often been experienced in the past. Funding should not be wasted on projects which are not directly linked to the TEN-T.

Development of infrastructure in the EU is a highly important political issue. Therefore, we believe that the EU together with the Member States should find ways to move this issue higher up on the political agenda and speed up implementation of the existing unfinished TEN-T projects.

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