

EXECUTIVE SUMMARY

Reflexions on the future of transport policy in a broader context

- TEN-T policies may contribute to the promotion of the well-being of all European citizens. But other National and European policies are also essential to achieve this, to adequately shape TEN-T (e.g. energy, housing, land and urban planning, industrial, logistic, cohesion & development policies...) and possibly mitigate the overall demand for transport.
- The current financial crisis should be used as an opportunity to make a change towards a more sustainable society, less energy dependent.
- TEN-T Policy should promote energy-efficient modes; the use of environmentally friendly modes of transport needs to be promoted for both freight and passengers.
- More realistic transport pricing (applying the “user/polluter pays principle”) is an essential tool to achieve this objective.

Recommendations for the future of TEN-T policy

- The necessary infrastructure funds should be made available; European and national priorities should be aligned on the basis of traffic flows & market needs.
- EU budget dedicated to TEN-T should be at the dimension of EU ambitions, calling for an increase of the budget and of co-financing rates.
- Funds should be concentrated in projects giving a “European value”, i.e. aiming at suppressing bottlenecks and increasing interoperability.
- There should be a stable “core network”: ERTMS corridors could be the backbone of such a core network, provided it is extended to more European countries taking into account market and environmental requirements.
- Modifications of the network should be allowed during the TEN-T budgetary period, according to market needs.
- The environmental criteria should be given more priority in projects assessment.

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1. TEN-T, European Cohesion and citizens' wellbeing

In the introduction to its Green Paper on TEN-T policy review of 4 February 2009, the European Commission first states that *"the TEN-T policy aims to provide infrastructure needed for the internal market to function smoothly"*. It then says that TEN-T policy *"also sets out to help ensure accessibility and boost economic, social and territorial cohesion."* The title of its communication states that the TEN-T policy review aims *"towards a better integrated trans-European transport network at the service of the common transport policy"*.

In Europe, the railway sector is very aware of its role as a pillar of transport policy and more importantly of economic development. Beyond this, it is also true that the European railways have been traditionally very concerned with their wider role in promoting social cohesion and welfare for citizens. Therefore, beyond the strict political objective of creating an "internal market" and of developing a "transport policy", CER and its members would like to place the reflexion on the TEN-T revision into this wider human and social context, taking into account the lessons which the current economic, energy and climate turmoil may be teaching us.

The primary purpose of any European Union policies should be first and foremost to promote the well-being of all its citizens. Cohesion and regional policies (which support solidarity between more privileged and less privileged categories) are certainly an essential tool to achieve this. Developing the internal market and TEN-T policies may also contribute to the objective, depending on how they are shaped.

2. TEN-T, in the context of energy and climate turmoil

While it is clear, for CER, that TEN-T policy should primarily be defined to support a more balanced and fairer development for the wellbeing of all European citizens, it is obvious that it will also have to take into account some severe external constraints.

The surge in oil prices which the world experienced in 2008 has indeed revealed to what extent our modern economies are made fragile by their extreme dependency on transport. For years, cheap energy and transport have allowed production and consumption centres to be decoupled and set further and further away from each other, as savings achieved through the use of cheap labour in areas far away from the main consumption centres largely offset the cost of transporting goods. Last year's surge in energy prices has strikingly highlighted

some vulnerability in this model. Though the energy prices have fallen back to lower levels today, they will for sure rise again in the future.

This potential vulnerability has yet been known for a while and economists are already factoring in the fact that fossil energies are doomed to disappear.

However, as the world's hopes are turning to technology and innovation, evidence is starting to emerge that the development of alternative energies might not reduce the environmental impact, but simply move it around. A striking example is given by the so-called "bio-fuels", as their development is causing deforestation (a significant CO₂-emitting human activity) and is a threat to the world's drinkable water resources and food security, as it competes with agricultural activities. Similarly, the full "life-cycle impact"¹ of other alternative solutions has probably not yet been properly assessed.

As a consequence, it is to be feared that, whatever source of energy is used in the future in replacement of fossil sources, externalities caused in one way or another by energy production and consumption are unlikely to disappear.

In this context, alternative (not solely technology-based) strategies must be developed to solve transport problems. While some can be developed within transport policy itself, solutions to transport problems may also come from a wider reshaping of industrial, economic, energy, housing, land & urban planning, and cohesion & development policies... The current financial crisis should be used as an opportunity to make a change towards a more sustainable society, being less energy-voracious, whatever the source.

3. TEN-T in the face of a potential road and air transport "bubble"

The economies of the world have become increasingly dependent on efficient transport flows. In many ways, transport is the backbone of today's modern society, without which most companies would neither be able to produce nor distribute their goods. However, we face today the economic, societal and environmental risks associated with a too large dependence on transport. The energy crisis of 2008 unveiled the fragility of such transport-reliant economies.

One may indeed wonder whether, in a market economy where demand is driven by price, transport prices are not structured in a way which artificially boosts

¹ Life-cycle impact: The life cycle impact of a product (an activity or a technology) takes into account all its impacts from the extraction of the necessary raw materials to its end-of-life, through its production, transportation, usage, maintenance and disposal. The life-cycle impact of a product, activity or technology can be assessed through a so-called "life-cycle analysis" whose purpose is precisely to identify and summaries all the above mentioned impacts.

demand. Everyone has heard about such examples as potatoes being grown in one country, peeled in another, and then consumed in a third country.

Similarly, moderate transport prices have been one of the elements making companies dismantle in-house stocks to resort to just-in-time delivery. Just-in-time delivery, while promoting quick adaptation to customers needs, has also led to make the logistic chain fragile whenever congestion hits transport infrastructure. The lack of recovery of transport-induced costs through user/polluter charging in certain modes has certainly greatly contributed to modifying logistic and industrial production patterns by increasing transport distances, multiplying small consignments and reducing the amount of precautionary stocks. In the passenger sector, "low-cost" offers have encouraged an increasing number of tourists to prefer faraway destinations.

However, trends in public policies all around the world show an increased pressure to reduce public expenditure into transport infrastructure and a tendency to apply transport-demand-mitigating measures and/or the user-pays-principle both for passenger and freight traffic (congestion tolls in Stockholm and London, tolls on trucks in Germany and Switzerland, increase in airport taxes in almost all big cities). Such measures may contribute to progressively deflate what more and more appears to be a transport bubble (in the road and air sectors).

TEN-T and other European policies should definitely take into account this reality and integrate elements of fair pricing (demand mitigation) and cost recovery in the future.

4. Possible future objectives for TEN-T and OTHER policies

Based on the expected shortage of fossil energy sources and on the uncertainties which remain around the environmental benefits and shortcomings of alternative energy sources, the precautionary principle dictates that the objective of future European policies should also focus on reducing the absolute demand for energy of whatever type (fossil or alternative).

This objective is reachable by applying a number of well-known alternative principles which may not have been applied to a great extent, partly due to cheap or moderate transport prices. These principles may however become more relevant in the future, as energy prices may increase again and as public authorities increasingly choose to charge infrastructure (and external) costs to the users:

1. The more intensive resort to collective passenger transport means rather than to individual vehicles;

2. The location of production closer to the consumer;
3. The increasing resort to infrequent transport of large consignments (“mass-transport”) coupled with stock management rather than to frequent transport of small consignments with zero stock (“just-in-time”).

The resort to collective transport means is today the most developed principle. It is necessary to differentiate the strategies to develop public transport within cities and local areas and the development of long distance passenger traffic. In both cases however, collective transport means touch upon their limits when it comes to reaching individual homes, where personal vehicles will remain unbeatable. In that sense, policies aiming at developing “vertical” rather than “horizontal” housing should be considered, as “spread housing” tend to be less favourable to mass transport means than “concentrated housing”.

The second principle, which is about bringing production site closer to consumers, aims at making communities more autonomous, more self-reliant and less vulnerable to outside influences and global economic swings. It can be supported by adequate cohesion and regional policies, as well as transport prices which would better reflect the economical and environmental costs of transport. It is however not fully applicable in the cases where basic conditions and other factors such as the availability of resources or know-how makes it efficient to produce a good in one area/country and then transport it to where consumers are. Hence, applying this principle does not exclude any form of long- or medium-distance transport.

The third principle is also a basic principle of production process engineering where precautionary stocks are used as a buffer to counter variations in production input and output. As mentioned before, while most shippers justify just-in-time deliveries through better adaptability to customer needs, the development of just-in-time may be grounded in the economic trade-off which businesses are making between cheap transport and expensive in-house stock management. Even if some industries may have applied this concept successfully in the past, it should be ensured that just-in-time does not make the logistic and production chain fragile when congestion hits transport infrastructure.

5. Possible future TEN-T strategies for TRANSPORT & LOGISTIC in general

It appears from this analysis that part of the solutions to current transport problems are not simply to be found in transport policy itself, but also outside of it. Bringing production closer to consumers can be achieved by a cohesion and regional policy more focussed on transfers of technology and know how. The resort to stock-management rather than just-in-time is a matter of industrial

policy. The promotion of public transport touches upon environmental and social policy.

However, in general, all these concepts could be more efficiently implemented through a policy which would make transport function as a “real” market, i.e. a market where users are really paying for the cost of the services they get. The most efficient way to avoid irrational behaviours of market actors is to act on demand, which, in a market economy, can be achieved through pricing. The European legislator should therefore not ignore the “user pays” principle also in the transport sector and should make it an integral part of or at least an accompanying measure to its TEN-T policy. Only then, TEN-T will develop in a way mindful of the well-being of all European citizens and in a sustainable manner, i.e. limiting the development of new transport infrastructure to a minimum.

Beyond what can be achieved through other EU policies and beyond the progressive implementation of the “user pays principle” in transport, CER recommends that future TEN-T policy is designed in a way to:

- encourage the use of sustainable transport modes on medium and long distances;
- encourage the development of parking areas (for bicycles, motorbikes and cars) close to public transport stations;
- encourage the development of “stock management” in the logistic chain;
- And, of course, encourage the use of alternative modes to road and air transport (rail in the first place).

In this way, construction of new transport infrastructure may be kept to what is strictly necessary.

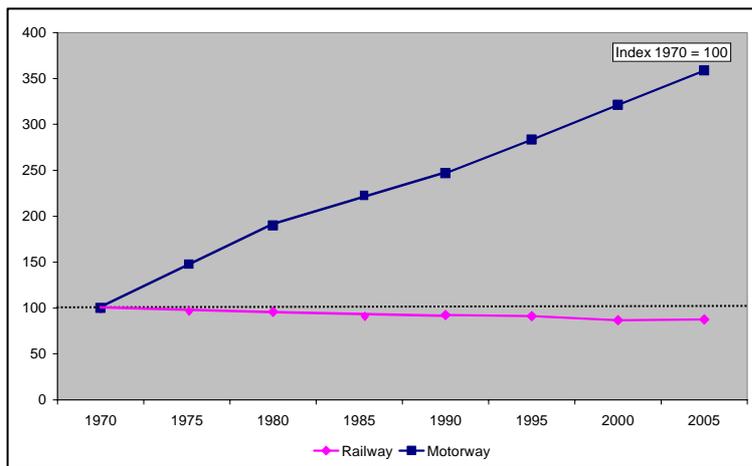
6. Possible future TEN-T strategies for RAIL in particular

This being said, the specific contribution of rail to future TEN-T policy must be underlined. CER is pleased that, among the current 30 priority projects underway, 22 concern rail. Unfortunately, although these projects can avail of TEN-T and, in some Member States, also of cohesion and structural funds, it is to be regretted that National states co-financing is not always matching appropriately. It is also to be regretted that, contrary to the European Parliament recommendations voted on 11 March 2009, the current EU recovery plan is not foreseeing any fund to boost these projects.

Rail must however catch up with an enormous investment backlog. As shown in the chart below, between 1970 and 2004, the length of motor ways has more than tripled in the 15 Western members of the European Union (EU15), whereas

the length of railway tracks has diminished by 14%. In these circumstances, it is not difficult to understand why road transport exploded. According to the latest TERM report of the European Environment Agency², freight volume has increased by 35% between 1996 and 2006; it is the least energy efficient transport modes - road and air freight- that show the largest increases.

EU15 Railway Lines and Motorways (in KM) (Index 1970 = 100)



Source: European Commission, Energy and Transport in Figures, 2008"

Passenger intermodal transport

High speed rail connections with the European intercontinental/international airport ("hubs") should be considered in the priority network.

The integration of long distance traffic and urban traffic is important to ensure the efficiency of the transport from start to end of the line, while keeping into consideration the specificities of regional markets.

Rail connections to ports and airports

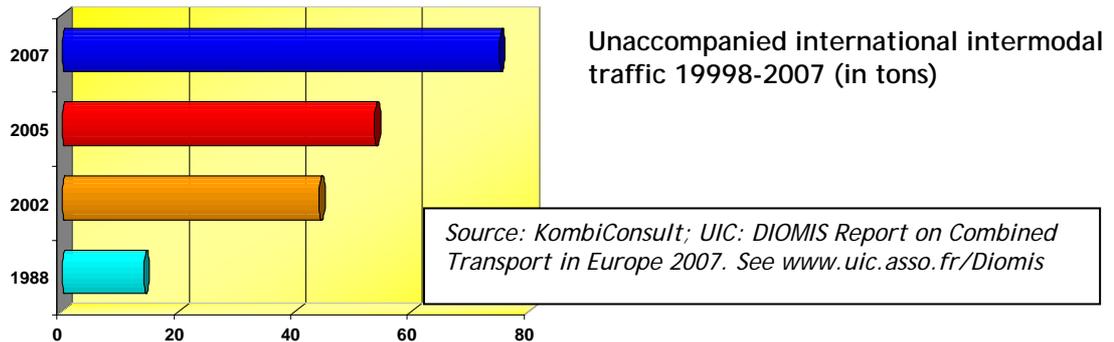
TEN-T should promote intermodal transport.

As for the priority projects, airports and ports should be ranked and prioritised since the current comprehensive network of ports and airport is too wide. Their connection with rail has to be included.

² « Transport at a crossroad », European Environment Agency, Transport and Environment Reporting Mechanism, April 2009, <http://www.eea.europa.eu/pressroom/speeches/transport-and-environment-reporting-mechanism-term-2008>

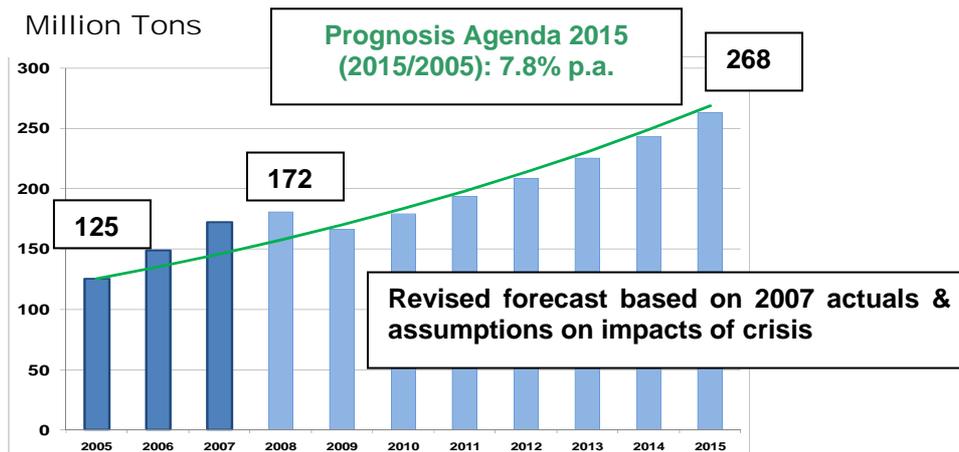
Rail-road intermodal transport (freight)

In the past 20 years, intermodal transport has been the fastest growing market segment for rail freight. As the graph below illustrates, in the past 20 years, the cross border volumes moved by intermodal transport (including rail-road intermodal transport and maritime container hinterland transport) have increased by a fivefold in EU 25.



The present economic downturn is having its impact, but it is expected that Intermodal traffic will resume its strong structural development as soon as an economic recovery eventually sets in, expectedly during 2010: the key drivers of the growth of Combined Transport, as a sustainable and environmental friendly mode of transport, offering an efficient alternative to road transport from end to end, will then again fully exert their effects.

The graph below shows the traffic projections by 2015, as exposed by “Agenda 2015 for Combined Transport in Europe³”.



Sources: KombiConsult research, DIOMIS Reports on CT 2007, DIOMIS Agenda 2015.

³ Final report, published in January 2008, of the UIC DIOMIS project, Developing Infrastructure and Operating Models for Intermodal Shift, see www.uic.asso.fr/Diomis

The DIOMIS study has also shown that the intermodal terminals serving the Top 25 European transport zones, identified by the study, will need by 2015 an additional capacity, on top of their already planned capacity investments, of 3,4 Million Loading Units.

Connection of industrial sites to main rail network (railway sidings)

Although it is widely talked about the complementarities of rail and road to provide full door-to-door service, it should not be forgotten that 80% of rail freight in Europe today is already door-to-door. 30% door-to-door rail freight services are made in full trains and 50% in single wagon consignments.

The potential for development of full door-to-door rail freight services is however limited by the lack of rail connections between industrial sites and main rail lines. Independently from specific geographic situations which might make it more difficult to build railway lines in some areas, the main reason for this lack of connection is the lack of public financing to build this infrastructure. Whereas, in most European countries, road connections between industrial sites and the main road network happen as a matter of course, mostly financed by local communities or national states, such treatment does generally not apply to rail connections.

Intermodal rail-road services, which sometimes imply not so short road haulage, could be avoided, provided that more industrial sites are linked to the rail network. If similar public financial support was given to rail connections of industrial sites as to road connections, expensive trans-loading of swap bodies between road and rail could be avoided as well as last-mile haulage by truck.

Finally, National industrial & land planning policies should encourage the settlement of industrial sites in geographical areas which allow easy construction of railway connections.

7. Financial and other tools to promote future TEN-T developments

The Green Paper says that *"so far, the (TEN-T) instruments available have not been sufficient to deliver full completion of projects of common interest"*. It adds that *"responsibility for the completing the large numbers of projects concerned (by TEN-T) rest almost entirely with the Member States, whose investment decisions are essentially driven by national objectives"* and *"investment efforts by Member States on their respective territories are mostly seen as national investments rather than as contributions to a Community objective."*

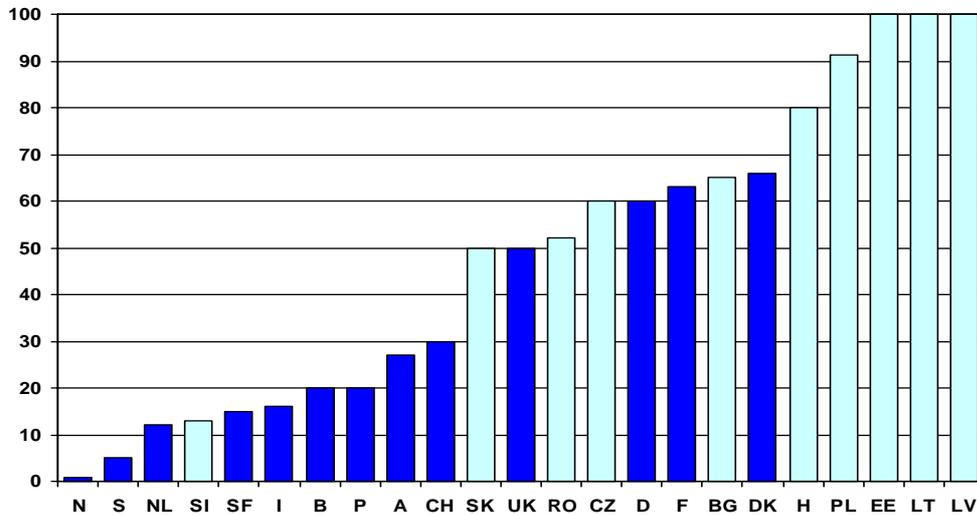
It is true that responsibility and decision-making initiatives regarding infrastructure investments remain within Member States sovereign power; particularly in Member States availing funds only of TEN-T, up to 90% of the costs need to be borne by governments. Nevertheless, it is CER's opinion that the potential for political mobilisation by the Commission should not be underestimated and that this possibility has probably not been sufficiently tapped so far. Taking into account national budget restrictions, it is of utmost importance that European and national priorities should be aligned on the basis of traffic flows and market needs, applying equal market conditions for all transport modes.

This is particularly the case of trans-European rail freight corridors. In this respect, in parallel to European guidelines or regulations, direct political action by the Commission is needed. The integrated development of corridors is linked to the implementation of interoperability (such as ERTMS), the bottleneck relief and the alignment of the different operational procedures. This is why CER has consistently argued that direct action of the Commissioner himself towards transport ministers along freight corridor is absolutely necessary. **Efficient high-level coordination is indeed necessary on each relevant corridor** for progress in rail infrastructure improvements, making it most essential to get all transport ministers along a certain corridor together. CER therefore strongly supports the setting-up of "high-level ministerial corridor conferences" on several corridors to discuss corridor developments in a concrete manner at high level, and more broadly the concept of "Corridor Coordination", as indicated in the Green Paper.

While political mobilisation along corridors is essential, the question of financing remains open. One solution insufficiently explored so far is the possibility to make the public financing of new infrastructure **dependent on the obligation to apply user charges on the new infrastructure** (reflecting the real costs generated by users of infrastructure) in an attempt to recoup at least part of the investment costs. Part of the public contributions could then be seen as a loan refundable over a usage period to be defined. In applying such a principle, future infrastructure could primarily be funded via state- or EU-guaranteed loans.

User charges already systematically apply to rail and airport infrastructure (via tolls or airport taxes), whereas such a rule is only marginally applied to roads (i.e. mainly on some motorways). As the chart below shows, half of the European Union member states apply rail infrastructure fees already covering 50% to 100% of infrastructure costs. In this respect, it can be said that rail is at least already partly refunding its infrastructure, and that what was called public investment at the time when the infrastructure was built in fact turns out to be, at least partly, a refundable loan.

Percentage of infrastructure costs covered by track access charges



Source: ECMT, 2005

In the future, in all countries where a certain level of infrastructure cost recovery applies to rail via infrastructure fees, at least the same level of infrastructure cost recovery should be mandatory on road via similar user charges, whenever new road projects are being planned.

In parallel, in order to compensate for the backlog in infrastructure investment in rail compared to road (as seen above), it is also essential that user fees start to progressively apply to already existing road infrastructure (for which part repayment of the original investment has not yet occurred) with proceeds to be allocated to the part of rail investments which will not be recovered via rail user charges (See Swiss model).

In conclusion, in order to complete the priority projects the Community and Member States funding should, by all means, be increased (the 2008 TEN-T progress report estimate in more than 120 billion of euro the investment to be financed in the next financial perspectives) and the level of EU co-financing should be raised.

8. Possible new rules for allocating the European Union budgets

Regardless of the various instruments and methods to be applied to future TEN-T financing, rules to allocate European Union funds (TEN-T, Cohesion, Research, Marco Polo funds) probably need to be adapted in order to best promote TEN-T developments.

In parallel to the top-down definition of a core network via its proposed “geographic pillar”, the European Commission rightly suggests to add a “conceptual pillar”, allowing for a more bottom-up approach.

The definition of TEN-T should indeed be more flexible, and not defined at the beginning of the 7-year TEN-T budgetary period. Modifications of the network should be allowed at specified intervals during the TEN-T budgetary period, according to market needs. Such intervals should take into account the national investment planning rules and timing. If a worthy project of European interest emerges during the 7-year period, including parts that are not in TEN-T, these parts should be allowed to be included in the TEN-T in the course of the 7-year budgetary period in order to be able to avail of EU-funding. This rule should not only apply to projects submitted to TEN-T co-financing, but also to projects submitted to other EU-programme co-financing (cohesion, research, marco-polo, etc).

However, there should be a stable “core network” set up as basis for future works. The European Union should develop an “Integrated Transport Network”, linking together the current and future priority projects, the main ports and the main terminals for freight traffic, the main airports and the main cities for passenger traffic. ERTMS corridors could be the backbone of such a core network, provided it is extended to more European countries and that the extensions are market-driven.

As far as the criteria for project assessment are concerned, CER will review and make a proposal to the Commission of a refined list of criteria. Nevertheless, it is already possible to propose the following criteria in addition to those already used by the Commission for selecting projects:

- a) EU funds (via TEN-T programmes, Cohesion/Regional programmes, Research programmes, Marco Polo, etc.) should be allocated to road project when it is demonstrated in a strong and certain way that the greatest share of the traffic incurred will serve medium- and long-distance environmentally friendly transport mean (i.e. over 100km).

- b) Financing of road projects should only be allowed when these projects are part of a wider multimodal project, where rail, inland waterways or short sea shipping is taking care of the long-distance part and where the road sub-project is limited to the feeder / local distribution part.
- c) In case a road subproject of a Green Corridor Project is submitted for EU financing (under any EU programme: TEN-T, Cohesion, Regional Research, Marco Polo, etc.), it should be carefully checked that this sub-project will not at the same time unduly promote medium/long-distance road traffic of another origin-destination. As a good practice, any road subproject of an EU-financed Green Corridor project should not allow for more than 10% of the traffic on the concerned road to serve long-distance road traffic (i.e. beyond 100km).

CER RESPONSE TO THE SPECIFIC QUESTIONS RAISED IN THE TEN-T GREEN PAPER

In general, CER feels positive about the Green Paper on the revision of the TEN-T and shares the Commission's view that the TEN-T policy needs to be subject to a broad review on the basis of the previous processes and experiences. Future TEN-T policy should provide an effective contribution to achieve major community objectives.

Q1:

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

Yes. Part of the mitigated success of the current TEN-T programme (and, more widely, transport policy in general) is linked to Commission's focus to its two traditional main fields of expertise, i.e.:

1. Provide the legislative framework;
2. Assess projects to allocated EU funds and following up implementation.

As a result, member states did not get much incentives to mobilise themselves at political and project management level.

In the future, we may advise the Commission to move its expertise areas (at least partly) away from legislative and project funding towards project initiation and project management support.

1. Project initiation requires Commission's involvement at its highest level (i.e. at President, Commissioner and Director General level), as it is here necessary to be able to politically mobilise national governments (at head of state level or ministerial level) to collaborate on cross-border projects.
2. Project management support should then be provided at the other levels of Commission's hierarchy, meaning that other civil servant profiles may be required than those currently available. Expertise should be particularly acquired in "international" project coordination.

Additional factors that could be covered may also include:

- concentration of the funds needed and increase of the community budget
- better consideration of business orientation and environmental criterion.

Particular warning must also be given with regard to alternative energies, mentioned in the Green Paper as “encouraging”. The so-called “bio-fuels” give a particularly striking example of a very harmful alternative energy source (paradoxically produced via - CO₂-emitting - deforestation, depletion of drinkable water resources and cannibalisation of agricultural surfaces). Similarly, hydrogen, mentioned in the Green Paper as a fuel alternative for ships and planes, is not naturally available. It is derived from water hydrolyse, a particularly energy-consuming activity!

While the depletion of fossil energy sources is already a “certain” event, the actual benefit of alternative solutions will remain “speculative”, as long as a full “life-cycle impact” of these alternatives is not available. Similarly, the life-cycle analysis of energy-savings technologies is not always available.

The precautionary principle dictates that strategies to reduce the overall demand for energy are most appropriate. This calls for reducing the demand for frequent transport of small consignments (without any in house stock management), largely carried out by road. This shift may reduce the need for new road infrastructure.

In parallel, energy can be saved by shifting to a logistic model based on infrequent transport of large consignments coupled with increasing in-house stock management. This is typically an area of relevance for short sea shipping, inland waterway and rail transport.

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

Should the comprehensive network be maintained or abandoned, and what advantages and disadvantages would either approach involve? Could the respective disadvantages be overcome, and if so by what means?

<i>The comprehensive network should be maintained</i>	■
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A concept like the “comprehensive network” concept is good but not sufficient; political and financial support is also required.

On the other hand, a few European policies and legislation now refer to the TEN-T network, which may make its dismantlement problematic.

In any case, it is advisable that it is given the possibility to extend flexibly during any seven-year budgetary period, as to include sections which are part of projects otherwise eligible under any major European funding programmes (Ten-T, Cohesion, Marco Polo, Research, etc.). In other words, if a project deemed worthy of EU research budget support contains sections that are not in TEN-T, these are automatically included in TEN-T, or at least funding cannot be denied to them on the basis of not being part of TEN-T.

In such a concept of a “flexible” network, future TEN-projects should be determined on the basis of traffic demands, market needs, environmental impact and business cases (bottom-up approach). TEN-T funding should be transferred more strongly to projects of common interest, such as projects generating a major capacity increase in the network, bottleneck relief, improvements in nodes.

Please allocate the advantages as described above:

<i>Important for access function and territorial cohesion</i>	<input type="checkbox"/>
<i>Reference basis for structural policy objectives</i>	<input checked="" type="checkbox"/>
<i>Basis for a broad range of transport policy objectives</i>	<input checked="" type="checkbox"/>
<i>Large scope for identification of projects of common interest</i>	<input type="checkbox"/>
<i>Broad reflection of national infrastructure planning</i>	<input type="checkbox"/>
<i>Others (please specify above)</i>	<input type="checkbox"/>

Please allocate the disadvantages as described above:

<i>Truly European planning is hardly possible</i>	<input type="checkbox"/>
<i>Community instruments are insufficient to allow full network implementation</i>	<input type="checkbox"/>
<i>Community added value of many projects of common interest is questionable</i>	<input type="checkbox"/>
<i>Community action lacks visibility</i>	<input type="checkbox"/>

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?

Would a priority network approach be better than the current priority projects’ approach? What would be the advantages and disadvantages of

<i>either approach, and how should it be developed?</i>	
<i>The priority network approach would be better than a priority projects approach</i>	■
<p>The idea to link existing priority projects is relevant. This can however hardly be organised via regulation. Identifying missing links is the easiest part. More delicate will be the exercise consisting in mobilise member states to cover the missing links. Here the approach suggested in response to question 1 is definitely the one to apply:</p> <ol style="list-style-type: none"> 1. High level political mobilisation of Member States by the Commission; 2. Provision of expertise for project initiation and design; 3. And, as needed, project management support and cross-border coordination. <p>Also, the ERTMS corridors could be the backbone of the future core network, provided that it is extended to more European countries, taking into account <u>market</u> and <u>environmental</u> requirements.</p> <p>NOTE: CER warns against the possible introduction of heavier and longer road vehicles mentioned by the Commission on this section. Such introduction will lead to reverse modal shift from inland waterways, short sea shipping and rail back to road. This cannot be in line with the objective of sustainability promoted by the Green Paper.</p>	
<i>Advantages of priority network approach:</i>	
<i>More rational planning approach at European level, including the possibility for coverage of network benefits</i>	□
<i>Better focussed projects of common interest</i>	□
<i>Possibility for coverage of all modes</i>	■
	<i>but with a strong railway backbone</i>
<i>Coherence between instruments (financial and other) necessary for full network implementation and planning objectives as challenge for future TEN-T policy</i>	□
<i>Possibility for coverage of nodes and inter-modal connections</i>	□
<i>Enhanced possibilities for “environmental optimisation”</i>	■
<i>Possibility of better reflection of major European traffic</i>	□

<i>flows and Cohesion objectives</i>	
<i>Others (please specify above)</i>	<input type="checkbox"/>
Disadvantages of priority network approach:	
<i>Difficult to plan such a network for reasons of planning methodology</i>	<i>Necessity for a bottom up approach</i>
<i>Difficult to combine with sovereign national responsibility for infrastructure development</i>	<input type="checkbox"/>
<i>May become too large in scope to ensure sufficient Community funding; thus not much change compared to comprehensive network approach</i>	<input type="checkbox"/>
- Elements that should be taken into account in the development of a priority network approach:	
<i>Traffic flows</i>	<input checked="" type="checkbox"/>
<i>Interoperability and infrastructure standards</i>	<input checked="" type="checkbox"/>
<i>Social, economic and geographical cohesion</i>	<input type="checkbox"/>
<i>Minimum capacity requirements</i>	<input type="checkbox"/>
<i>Environmental protection / climate change</i>	<input checked="" type="checkbox"/>
<i>Intelligent transport systems and new technologies (infrastructure and vehicles)</i>	<input type="checkbox"/>
<i>Due coverage of all transport modes</i>	<input checked="" type="checkbox"/>
<i>Implementation capacities</i>	<input checked="" type="checkbox"/>
<i>Inter-modal connections</i>	<input checked="" type="checkbox"/>
<i>Harmonized cost-benefit analysis</i>	<input checked="" type="checkbox"/>
<i>Connections between long distance transport and Local transport / urban nodes</i>	<input type="checkbox"/>
<i>Links to third countries</i>	<input checked="" type="checkbox"/>
<i>Has proven successful (with some exceptions) as principal part of the TEN-T policy</i>	<input type="checkbox"/>
<i>Can build on established selection methodology, based on past experience and lessons learnt</i>	<input type="checkbox"/>
<i>Allows strong concentration on major axes</i>	<input type="checkbox"/>
<i>Takes better account of expected financial constraints</i>	<input type="checkbox"/>
<i>Limited possibility for coverage of all modes, nodes and</i>	

<i>inter-modal connections</i>	<input type="checkbox"/>
<i>Limited possibility for full reflection of major European traffic flows and Cohesion objectives</i>	<input type="checkbox"/>
<i>Piecemeal approach to European infrastructure planning</i>	<input type="checkbox"/>
<i>Infrastructure standards and interoperability</i>	<input type="checkbox"/>
<i>Minimum capacity requirements</i>	<input type="checkbox"/>
<i>Implementation capacities</i>	<input type="checkbox"/>
<i>Financial and project management performance of projects to date</i>	<input type="checkbox"/>
<i>Changed investment priorities at national level</i>	<input type="checkbox"/>

Additional comments:

- The suppression of bottlenecks is a condition sine qua non to the development of efficient transport infrastructures in Europe. Every bottleneck (even not situated on the priority network) will affect the fluidity of the traffics on these axes.
- The integration of long distance traffic and urban traffic is important to ensure the efficiency of the transport from start to end of the line, while keeping into consideration the specificities of regional markets.
- The harmonized costs-benefits analysis should not be limited to economics facts, but should deeply analyse the environmental impacts including internalisation of external costs, etc.
- The European Commission accurately underlines the necessity to take into consideration the different needs of the transport of goods and the transport of passengers. The attention of the European Commission should be raised on the specific difficulties caused by the cohabitation of these two types of traffic (on mixed lines and in the bottlenecks) and the necessity to adopt a global approach. The European Commission committed itself to the implementation, at the European level, of conditions allowing the competitiveness (and thus the development) of rail freight as well as the setting-up of a European high-speed network, which is the condition of a modal shift from road to rail for goods and passengers.
- The TEN-T network should be truly interoperable. In order to speed-up the realisation of such an interoperable network, the cost-benefit analysis of realised interoperability investments should be positive for infrastructure managers AND for railway undertakings.

For example, ERTMS equipment implies important investments on the infrastructure, but foremost on the on-board equipment. It is estimated that ERTMS equipment consists in 70% of the investment for on-board equipment and 30% of the investment for track side equipment. As a consequence, it is absolutely essential to ensure that, provided that technical questions are solved, the cost-benefit analysis does not threaten the viability of the transport operators and particularly the railways undertakings. However, interoperability shall remain the main objective and adequate funding both at national and EU level shall be ensured.

Q4:

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

Would the flexible approach to identifying projects of common interest, as proposed with the "conceptual pillar", be appropriate for a policy that, traditionally, largely rests on Member States' individual infrastructure investment decisions? What further advantages and disadvantages could it have, and how could it best be reflected in planning at Community level?

Yes. The concept of "conceptual pillar" allows to orientate Member States' decision of investments towards high European value-added projects and take into consideration some crucial criteria for the European transport policy. However this flexibility should not encourage the implementation of less environmentally-friendly or less energy-efficient transport modes.

<i>A flexible approach would be appropriate</i>	<input checked="" type="checkbox"/>
<i>- Please allocate the advantages, as described above, to the following categories:</i>	
<i>Allows to incorporate into TEN-T infrastructure-relevant aspects of a wide range of common transport policy measures on a "rolling basis"</i>	<input type="checkbox"/>
<i>Allows to promote measures that stimulate efficient infrastructure use along TEN-T axes through several Member States or at Europe-wide scale</i>	<input type="checkbox"/>
<i>Allows for flexibility where necessary to facilitate the</i>	

<i>development of commercially viable services</i>	<input checked="" type="checkbox"/>
Please allocate the disadvantages, as described above, to the following categories:	
<i>Entails uncertainties regarding the specific definition of projects of common interest</i>	<input type="checkbox"/>
How could the “conceptual pillar” be best reflected in planning at Community level?	
<i>Allows to incorporate into TEN-T infrastructure-relevant aspects of a wide range of common transport policy measures on a "rolling basis"</i>	<input type="checkbox"/>
<i>Allows to promote measures that stimulate efficient infrastructure use along TEN-T axes through several Member States or at Europe-wide scale</i>	<input type="checkbox"/>
<i>Allows for flexibility where necessary to facilitate the development of commercially viable services</i>	<input type="checkbox"/>
<p><i>Others:</i></p> <p>The concept of “axis performance” is central because it allows aligning the characteristics of the infrastructure from start to end of the line, in order for them to be consistent. This global vision, suggested by the European Commission, should also be applied to the socio-economic studies of infrastructure projects, on the basis of long distance traffic flows.</p>	
<p>Q5:</p> <p>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?</p> <p>How can future challenges in the sectors of waterborne and air transport (especially ports, inland waterways and airports) as well as of freight logistics be best taken into account within the overall concept of the future TEN-T development? Do different requirements for freight and passenger transport require different treatment in the TEN-T policy? What further aspects relating to different transport sectors / common transport policy issues should be given attention?</p>	

As far as freight logistics is concerned, CER fully supports the concept of Green Corridor mentioned in the Green Paper. In today's fight against climate change, focus needs to be given to efficient co-modal transport chains, where transport mode is chosen according to its sustainability and environmental impact. In that sense, financial priority (TEN-T, Cohesion/Regional programmes, Research programmes, Marco Polo, any European fund in general) should be given to the environmentally less damaging transport modes. As an example, we recommend the European Commission to allow the financing of road projects only when these projects are part of a wider multimodal project, where a more sustainable transport mode (rail, inland waterways or short sea shipping) is taking care of the long-distance part and where the road sub-project is limited to the feeder / local distribution part.

One further aspect that CER strongly recommends to address in future TEN-T planning is the difference in construction life cycle between road and rail projects. Construction cycles for road projects on average extend 2 to 3 years, whereas construction cycles for rail projects usually extend 6 to 8 years. Rail projects are often impeded because they do not fit within the 7-year budgetary period of TEN-T (especially if there are delays). Also, in case they get delayed, due to the longer construction cycle, delays are more likely to extend beyond the standard allowed under TEN-T regulation (hence compromising EU payments over the extended period). Consequently, there should be more budgetary flexibility for projects with longer realization, especially in the case of delays in construction.

Specific proposal concerning PASSENGER traffic:

There should be a political mobilisation of the member states to promote the development of parking spaces for private vehicles (bicycles, motorcycles, cars) close to public transport stations (bus, rail, inland ports).

Long distance traffic, as well as regional and urban traffic, should be integrated while keeping into consideration the specificities of regional markets.

Besides, the European Commission underlines accurately the necessity to take into consideration the different needs of the transport of goods and passengers. The rail sector would like to highlight the difficulties caused by the cohabitation of these two types of traffic (on mixed lines and in the bottlenecks).

Specific proposal concerning FREIGHT traffic:

The Commission should encourage member states to apply policies (including charging for infrastructure use and external costs) which promote co-modality and the resort to infrequent transport of large consignments with in-house stock

management (rather than frequent small-size consignments without stock).

A European policy to develop inland waterway and rail access to industrial sites must be envisaged. In the same way as road enjoys free access to most industrial sites (with road connections to the main road network being largely paid by the tax payer), similar provisions should automatically apply to rail and inland waterways whenever topology allows. Rail notably can provide door-to-door services, provided that rail connections are available. For instance, project applying for TEN-T co-financing could get more positive results during the evaluation if it is related to other projects co-financed from National programmes (e.g. projects connecting the railway sidings).

General remark:

In addition, demand-mitigation strategies (notably price-based) should not be ignored to avoid unnecessary or anarchic transport development.

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 the ERTMS European deployment plan during the next period of the financial perspectives?

How can Intelligent Transport Systems in all modes, 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 TENT funding be strengthened in order to best support the implementation of the ERTMS European deployment plan during the next period of the financial perspectives?

The implementation of ITS can bring real benefits by increasing significantly the safety and facilitating the introduction of innovative charging systems for selected infrastructure sections and urban congestion areas. It should be deployed in all transport modes.

ITS should not be limited to ERTMS, but also take into account the research

projects on other intelligent transport systems, as for instance, the tracing of wagons, optimisation of traffic systems, etc.

Interoperability of railway transport should aim towards competitive international transport. The economic consequences (costs and benefits) of interoperability for rail need to be properly considered. Interoperability must be a real competitive advantage for rail, not a burden. The objective should be the implementation of what is technically possible, and it should be economically efficient.

As underlined in the Green Paper the priority network should be fully interoperable. It is important to concentrate European funds on projects aiming at full interoperability.

SPECIAL NOTE REGARDING THE CURRENT ECONOMIC CRISIS: Nevertheless, considering the current economic crisis and as the European rail freight CEOs underlined in their public declaration at their High Level Meeting in Vienna on 24 April 2009, a moratorium on the deployment of current interoperability legislation is urgently needed in order to spare companies the immediate financial burden related to costly deployment activities, at least until the crisis is over.

Q7:
Do shifting borderlines 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?

YES - the current concept of the infrastructure project of common interest should be widened



For example, ERTMS equipment implies track side investments, but foremost puts a heavy financial burden as regards the on-board equipment of rolling-stock.

It is estimated that ERTMS equipment consists in 70% for on-board equipment and 30% for track side equipment. Thus, it is absolutely essential to ensure that, provided that technical questions are solved, the cost-benefit analysis does not threaten the viability of the transport operator. As a consequence, the investments of the railways undertaking in ERTMS on-board equipment should be able to benefit from TEN-T and national funds in order to facilitate the implementation of the European single market.

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 for its conception?

Would a core network (bringing together a priority network approach as referred to in Q3 and a conceptual pillar as referred to in Q4) be "feasible" at Community level, and what would be its advantages and disadvantages? What methods should be applied for its conception?

Yes, of course.

This concept of a "core network" made of a "geographical pillar" ("priority network") and a "conceptual pillar" opens up the door for a more bottom-up approach to the development of the TEN-T network. CER supports the idea of enabling the TEN-T network to be flexibly expanded on a regular basis in the course of the seven-year budgetary period, adapting to changing market circumstances: if a good-quality infrastructure project emerges during the 7-year period, including parts that are not in TEN-T, these parts should be allowed to be included in the TEN-T in the course of the 7-year budgetary period in order to be able to avail of EU-funding.

However, there should be a stable "core network" set up as basis for future works. ERTMS corridors could be the backbone of such a core network, provided it is extended to more European countries, taking into account market requirements.

The challenge here will be to initiate such good-quality infrastructure projects. For this:

1. A new grid of project assessment criteria should be developed taking into account, environmental, cost/benefit, financing and project management aspects. See CER proposal in first part.
2. It should be coupled with the approach mentioned in response to Q1 above:
 - a. High level political mobilisation of Member States by the Commission;
 - b. Provision of expertise for project initiation and design;
 - c. Project management support and cross-border coordination, as needed
 - d. Concentration of funds and increase of community budget.

To which categories would you allocate the main advantages:

Strengthening the European planning approach

<i>Capturing benefits of a network</i>	<input checked="" type="checkbox"/>
<i>Strengthening the network planning methodology</i>	<input type="checkbox"/>
<i>Combining the "traditional" infrastructure approach (essentially priority network) and a more flexible "conceptual" approach</i>	<input type="checkbox"/>
<i>Integrating transport infrastructure and transport policy developments in the best possible way</i>	<input type="checkbox"/>
<i>Establishing a strong basis for concentration of Community support (financial and non-financial)</i>	<input checked="" type="checkbox"/>
To which categories would you allocate the main disadvantages:	
<i>Difficulties regarding an appropriate planning method</i>	<input type="checkbox"/>
<i>High degree of complexity and diversity of projects involved, requiring a too broad range of means for implementation</i>	<input type="checkbox"/>
<i>Too much flexibility</i>	<input type="checkbox"/>
<i>Too many network development priorities</i>	<input type="checkbox"/>
<i>Others: These disadvantages could be avoided by a common European wide applicable cost-benefit analysis</i>	<input checked="" type="checkbox"/>
What basis could be used for its conception?	
<i>Best practice from national methods (please specify above)</i>	<input checked="" type="checkbox"/>
<i>Available research (please specify above)</i>	<input type="checkbox"/>
<i>New research (please specify above)</i>	<input type="checkbox"/>
<i>Expert groups</i>	<input checked="" type="checkbox"/>
<i>Other: Project management structures</i>	<input checked="" type="checkbox"/>
What are the three aspects that need to be given highest priority in the core network development method?	
<i>Infrastructure needs in relation to the Lisbon strategy</i>	<input type="checkbox"/>
<i>Climate change and other environmental objectives</i>	<input checked="" type="checkbox"/>
<i>Common transport policy needs</i>	<input checked="" type="checkbox"/>
<i>Member States' infrastructure master plans</i>	<input checked="" type="checkbox"/>
<i>Financing capacities</i>	<input checked="" type="checkbox"/>

<i>Most efficient infrastructure use</i>	<input type="checkbox"/>
<i>Technological challenges and opportunities of the future (transport and energy, infrastructure and vehicle)</i>	<input type="checkbox"/>
<i>Economic sustainability</i>	<input type="checkbox"/>
<i>Others: Member States' commitment</i>	<input checked="" type="checkbox"/>

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 what aspects of TEN-T development?

Q09.01
How can the financial needs of TEN-T as a whole - in the short, medium and long term - be established?

Q09.02
What form of financing - public or private, Community or national - best suits what aspects of TEN-T development?

Some recommendations could be:

- creating the valid financial architecture contributing to the economic viability of rail;
- multi annual contracts;
- participation from the public sector to the financing of infrastructure projects, which can not be self-financed;
- PPP can be a tool; however, when the risk of a project is high, PPPs raise the overall price of the project.

In addition, the evolution toward a harmonisation of the track access charge systems is highly desirable. The structuring and the multiannual contracting of the track access charges are indeed a condition sine qua non to mobilise private funds. All the more, this multiannual visibility (on the level of track access charge and on the quality of the infrastructure) and its coherence with the initial track access charge hypothesis are necessary for the railway undertakings to acquire the desirable rolling stock.

Q10:
What assistance can be given to Member States to help them fund and

deliver projects under their responsibility? Should private sector involvement in infrastructure delivery be further encouraged? If so, how?

Q10.01

What assistance can be given to Member States to help them fund and deliver projects under their responsibility?

In order to complete the priority projects the Community and Member States funding should be increased (the 2008 TEN-T progress report estimate in more than 120 billion of euro the investment to be financed in the next financial perspectives) and the level of EU co-financing should be raised. An important source of financing for the TEN-T should be found encouraging the Member States to apply the Eurovignette Directive and earmarking the revenues, thus applying the "internalisation of external costs" concept.

Moreover, the introduction of a European scoreboard to record year by year the state of implementation of the Priority Projects and the funds committed and disbursed by Member States and EU on each project is advisable.

Q10.02

Should private sector involvement in infrastructure delivery be further encouraged? If so, how?

Public Private Partnerships should play a substantial role in the financing of Trans-European Transport Networks, innovation and research and development. CER shares the view that Public Private Partnerships provide innovative financial engineering opportunities, which could mobilise funding for key rail infrastructure projects. In order to reach this goal, building transparent partnerships with private contractors is of the utmost importance for rail companies. Confronted with limited availability of public resources for rail infrastructure, some CER members, mainly from Central and Eastern European EU countries, are currently preparing business cases for PPP's in rail infrastructure - for example in Poland, Romania, and the Czech Republic.

However, it must be underlined that the success of PPP projects is linked to the long term visibility and guarantee given over return on investments. Such visibility can be given either by state guarantee or through a business case based on a mandatory user charging system for all modes. The progressive implementation of the "user pays" principle for all modes will facilitate the grant

of loans and financial stake taking from private investors and financial institutions, while limiting public commitment to a minimum. By applying this principle, it could be envisaged that, in the long run, even EU or national state funding may be considered as repayable loans.

In the current context of political action against climate change, the polluter pays principle should also more and more apply. As mentioned in the European Parliament report on TEN-T (“Lichtenberger report”), revenues should be earmarked for investments in sustainable transport to offset negative externalities rather than being reinvested in road infrastructure. A broad coalition of representatives of the transport sector, including railways, intermodal transport, logistic and forwarders have long argued that EU Member States should be able to apply internalisation for road freight transport and guarantee equal conditions for all market players within the single mean of transport.

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?

Q11.01

What are the strengths and weaknesses of existing Community financial instruments used for TEN-T? (TEN-T budget, Cohesion Fund, ERDF, EIB loans)?

Q11.02

Is there a need for new financial instruments (including “innovative” instruments)?

YES: National “sustainable transport funds” funded by revenue from the internalization of external costs of transport, and used to promote the development of sustainable transport modes.

Q12:

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

Q12.01

How could existing non-financial instruments be improved?

<p>Q12.02 <i>Which new non-financial instruments should be introduced, for what reason?</i></p>	
<p><i>Instruments proposed:</i></p>	
Corridor coordination	<input checked="" type="checkbox"/>
Open method of coordination	<input type="checkbox"/>
Sharing of best practices	<input checked="" type="checkbox"/>
Benchmarking	<input checked="" type="checkbox"/>
Setting of investment targets	<input type="checkbox"/>
<p>Other:</p> <ul style="list-style-type: none"> - Create transparency through benchmarking. - Migrate Commission's and TEN-T Agency expertise to project management. - Introduce the concept of "corridor coordination approach", allowing association of the relevant stakeholders (infrastructure managers, railway undertakings, customers, local and regional authorities) in the development of acceptable solutions that are technically, economically and financially feasible. - Give more power/influence to European coordinators 	<input checked="" type="checkbox"/>
<p>Q13- <i>Which of the options for developing the TEN-T is the most suitable, and for what reason?</i></p>	
Option A: Dual layer: comprehensive network and priority projects (current structure)	<input type="checkbox"/>
Option B: Single layer: priority projects - possibly in extended form	<input type="checkbox"/>
Option C: Dual layer: comprehensive network and "core network"	<input checked="" type="checkbox"/>
No opinion	<input type="checkbox"/>
<p>Q14 <i>Would you like to make any further comment or proposal?</i></p>	

Reflexions on the future of transport policy in a broader context

- TEN-T policies may contribute to the promotion of the well-being of all European citizens. But other National and European policies are also essential to achieve this, to adequately shape TEN-T (e.g. energy, housing, land and urban planning, industrial, logistic, cohesion & development policies...) and possibly mitigate the overall demand for transport.
- The current financial crisis should be used as an opportunity to make a change towards a more sustainable society, less energy dependent.
- TEN-T Policy should promote energy-efficient modes; the use of environmentally friendly modes of transport needs to be promoted for both freight and passengers.
- More realistic transport pricing (applying the “user/polluter pays principle”) is an essential tool to achieve this objective.

Recommendations for the future of TEN-T policy

- The necessary infrastructure funds should be made available; European and national priorities should be aligned on the basis of traffic flows & market needs.
- EU budget dedicated to TEN-T should be at the dimension of EU ambitions, calling for an increase of the budget and of co-financing rates.
- Funds should be concentrated in projects giving a “European value”, i.e. aiming at suppressing bottlenecks and increasing interoperability.
- There should be a stable “core network”: ERTMS corridors could be the backbone of such a core network, provided it is extended to more European countries, taking into account market and environmental requirements.
- Modifications of the network should be allowed during the TEN-T budgetary period, according to market needs.
- The environmental criteria should be given more priority in projects assessment.