



The Federation of European Private Port Operators represents the maritime terminal operators and stevedoring companies located in the seaports of the European Union.

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FEPORT *POSITION*PAPER

On the Green Paper on TEN-T: A POLICY REVIEW

Towards a better integrated Transeuropean Transport Network at the service of the Common Transport Policy

FEPORT welcomes the initiative of the Commission to revise the TEN-T policy. The policy embarked upon in 1996, and regularly updated since then, has seen € 400 billion being invested in a wide variety of infrastructure projects enhancing European integration and prosperity. The TEN-T policy however also faced significant delays and saw some projects not starting due to a multitude of factors, such as under-financing, cost underestimation, environmental concerns and opposition of affected local communities. Due to the supra-national nature of most projects and the related complexity of supervision and cost/benefit distribution the abovementioned problems often proved to be hard to surmount.

As in the last decade, also in the upcoming decades efficient transport connections will be essential for Europe's economic growth, the creation of jobs and European international competitiveness. In addition, it can be expected that the further optimisation of Europe's TEN-T infrastructure will also directly contribute to the European climate change objectives, due to further enhancement of transport efficiency & co-modality across the EU.

Hence, a review of the TEN-T policy is considered to be timely for several reasons. The renewed screening of the policy will enable infrastructure developers and financing bodies to update market needs and their priorities. The announced review will also facilitate the necessary debate on how to better bridge the organisational and financial gaps currently hampering progress of some major projects.

FEPORT envisages by means of its below comments to provide some insight in relevant market elements and the respective requirements for the development of the future TEN-T policy. In a third sub-paragraph, FEPORT reflects upon general remarks on project, financing selection and management. In addition to these points of view, FEPORT also replies to the individual questions of the Green Paper.

It is hoped for that the expertise of the members of FEPORT may prove useful to the Commission. FEPORT's members handle the cargo in Europe's seaports, but are also often involved in further logistic organisation of the same cargo.

I. Market elements: Ports as Gateways to the European economy

As indicated in the EU Maritime Policy the importance of ports for the European society can hardly be overestimated. The EU is characterised by an enormous coastline and inland destinations within reasonable distances from one or more shore sides. As a result plenty of ports developed on the European coast or alongside major rivers and estuaries. More recently however, the strong role of extra EU import and export in many EU Member States and the remarkable growth of intra EU short sea shipping has further driven forward the development of port capacities and the connections with their hinterland.

Market developments:

In line with the continued surge in importance, the port sector has seen significant market changes since the inception of the original TEN-T policy in 1996.

- Containerisation has advanced enormously in maritime transport enhancing an equivalent potential in intermodal logistics inside and from/to the EU. General cargo has largely moved into containers, as well as some solid and liquid bulk trades.
- Moreover, between 1996 and 2009 container shipping has experienced a tripling of the ship size with a consequent increase in hub-and-spoke sailing and the related growth of feeder services within the EU and between the EU and its neighbouring states. Particularly in the Mediterranean, this process was accompanied with the development of major transshipment hubs both in EU Member States and in third countries.
- In view of the generic rise in volumes, the past decade has also seen the emergence of several terminal operators operating at European scale, building upon the potential of the internal market to optimally serve EU markets from several shores and facilitating the sailing schedules of the mega-vessels deployed in the container trade. First attempts have been witnessed of terminal operators trying to optimize sailing efficiencies for the shipping lines they serve by offering land-side solutions using their port portfolio.
- The expansion and consolidation of main intermodal trade flows has also driven forward the deployment of many inland terminals as a kind of relay stations interlinking port hinterland traffic and continental cargo flows, where several transport modalities can exchange cargo. In a few very dense cargo areas, this system has even further developed into multilayered networks of inland terminals.
- Due to efficient intermodal solutions many terminal operators have managed to expand their hinterland ever further. Large parts of Europe can nowadays be served from various ports on comparably attractive and efficient conditions, competitively enlarging the choice to the shipper (and consumer/producer). Faced with uniform quality standards imposed upon the terminal operators by global shipping lines, this overlapping of ‘natural’ hinterlands has resulted in fierce competition between the operators.
- Sailing schedules also demonstrated to have an increasing effect on port choice for incoming and outgoing legs resulting in significant concentration effects and the emergence of substantial container relocation movements between neighbouring ports, complementing maritime feedering used for

longer distances in the intra-EU pre- and post transport. In some port gateways this has resulted in the development of multi-modal intra-port connections, which is a trend which will expand in the foreseeable future.

- Also Roll-On/Roll-Off ferry traffic (passenger and cargo) has known a continuous growth as a consequence of the positive effects of European integration. As a result of this, many RoRo ports have experienced an impressive growth with the related pressure on access infrastructure to/from these ports.
- After 2001 security has become a major issue in transportation. For the maritime industry this has resulted amongst others in the ISPS Code and further security measures. It can be expected that security rules will continue to develop within the maritime sector and will sooner or later find their complement in the land-based logistic chains.
- Due to the significant growth of cargo transportation over the last decade a number of bottlenecks have risen on specific logistic connections. This could be mainly seen on the railway track where mixed use and priority of passenger trains caused increasing delays for cargo trains.

Requirements:

The basis for being able to offer an efficient intermodal product is the provision of adequately performing and appropriate infrastructure. *For the TEN-T policy this implies that the review should amongst others take into account the above mentioned market developments in order to continue orienting the European infrastructure policy at the latest available requirements imposed upon EU infrastructure.*

- Taking stock of the importance of maritime trade to the European economy, the further enhancement of the hinterland connections between ports and economic centres should obtain a priority status in TEN-T infrastructure policy.
- The vision of the TEN-T policy should continue to build upon an integrated framework linking up and appropriately upgrading existing segments.
- It is not important whether the needed investment concerns a national segment or a cross-border section. The relevant assessment should rather consider and compare projects according to their respective contributions to a more efficient flow of goods from maritime transport to the end producer/consumer.
- It is understood that efficiency can be enhanced at several levels, such as safety, environmental, capacity, ITS-wise, multimodal exchange potential, etc. It is also evident that the future TEN-T policy should continue to concentrate its efforts on projects ‘sufficiently’ contributing to European transport integration.
- TEN-T importance of projects should however incorporate the objectives of the EU competition policy. This implies on the one hand that TEN-T policy should recognize the importance of infrastructure in shaping competition. On the other hand, it implies that TEN-T policy should carefully assess the limits of imposing strict corridors and unnecessarily limiting valuable competition.
- The future development vision should take into account the role of inland terminals in the intermodal distribution flows, next to high density direct connections.

- The development of maritime container trade not only requires good hinterland access but also relies on the provision of efficient connections between main ports in order to enable the required inter-port exchange of cargo. Adequate inter-port infrastructure contributes to the cohesion of the maritime system, which has emerged over the last decades and serves the EU so well.
- The role of RoRo-ports should be more seen as a prolongation of international road connections contributing to EU cohesion.
- The role of security within the logistic chain has become of greater importance over the last decade. It can be expected that technological solutions will require modifications to infrastructure or at least to the ITS systems. This kind of investments should be part of the future ITS dimension of the TEN-T rules.
- The promotion of Motorways of the Sea through, amongst others TEN-T programmes, is promising since it will further enhance the shift of cargo from road to sea. This not only improves overall environmental performance, but also complements the current trends in the market. Nevertheless, it should be emphasized that for projects directly connecting two or more ports, competition is an element of relevance and an appropriate assessment is required when funding is granted. This implies that transparent and comprehensive conditions are needed, as well as an easily accessible application process.
- The discussion on separation of passenger and cargo (rail) transportation should be integrated in the TEN-T policy because it can be expected that the current bottlenecks, due to mixed use, will continue to increase over the next years. A debate on solutions to this increasing problem is therefore important.

TEN-T project financing, selection and management: general remarks:

Infrastructure is an important facilitator for economic activity. It also provides cohesion and accessibility for regions. According to FEPOR, the development of infrastructure is hence mainly a government task. Purely private development, as addressed in the Green Paper on its last pages, could easily lead to ‘cherry-picking’ of the most lucrative projects, while abandoning projects useful for the general interest but with limited return. However, on a case by case basis and if well conceived, private co-financing (direct, concession type or user fee based), has also in the future significant potential, as many examples of the past show.

As stated in the Green Paper, one of the main concerns of the Commission over the past 14 years of TEN-T development, is the slow progress of the overall program due to financial, environmental and other reasons. It seems therefore advisable to foresee in the future program tools to enhance faster progress.

- Coordinators for priority projects have already been nominated over the last years and indeed have had positive impact upon settling certain organisational impediments.
- Before supporting a project of significant size, certainly in the multiannual program (MAP), an intensive environmental pre-screening will provide more realistic timing and costing. Environmental conflicts generally lead to procedures which require time, research or consultation of the general public concerned. Compensation or mitigation generally tends to significantly increase the price tag of the pure civil engineering project. Collecting and

analysing this type of information in advance will reduce standstill of projects mainly in the beginning year(s), a phenomenon which could often be experienced in the past MIP and non-MIP. Moreover, such in-depth pre-screening would also facilitate multi-annual budgetary planning, annual budgeting and the related budgetary execution.

- A similar remark can be made for social pressures, where local communities oppose to a project or its chosen trajectory. Also these pressures have halted or slowed down projects in the past. An early presentation of the project to the communities involved has often incited early comments, which subsequently enabled the responsible administrations to better assess timing, cost and possible mitigation measures or alternative routings. In view of the envisaged improved timing consistency of TEN-projects, it seems therefore useful to elaborate application and management procedures, which attempt to integrate such 'social' feasibility information on the trajectory at the earliest possible moment.
- Public funding of projects both at national and EU level strongly relies on budgetary planning. This explains for instance the relative funding effectiveness of the (past) MIP in comparison with the non-MIP. For most administrations it is, and correctly so, difficult to allocate or relocate major sums at short notice. Also this reality has slowed down several TEN-projects. For this reason, as can be learned from other engineering fields, it may be useful to further develop programming tools, which are more transparent for an authority to commit to. A program will basically outline financial spending over a restricted timeframe and allocate responsibilities for overspending or delays. Combined with social and environmental in-depth pre-screening, programming may optimize its value added for more intrinsic planning.
- Different funds may be available for certain infrastructure developments depending on their characteristics. In order to prevent unjustified competitive distortions in the port market, it is important to guarantee maximal transparency of how different EU funding sources (regional), cohesion, TEN-T, Marco Polo, etc) can be combined for individual projects. Moreover, maximal transparency is also required for the competitive rating system when competing projects are not allowed the same funding intensity. Finally, selective allocation of funding to competing projects, because of budgetary constraints should also be considered in the future TEN-T policy.

II. Replies to the Commission's questions of the Green Paper

The above paragraphs indicate content and context of FEPORT's concerns. The reply to the specific questions can be found below, but should be interpreted taking into account the content and context described before.

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

Yes.

The port sector has been recognised in the past as an essential part of the TEN-T program. It has however been structurally underfinanced by TEN-T funds. The relevance of the port sector has steeply increased over the last decade and a half. Moreover, as indicated in the above paragraphs the market structure has changed significantly in the same period. It is therefore important for a comprehensive Commission's assessment to incorporate the trends of the past appropriately in order to more adequately provide planning and funding to port relevant projects.

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

In order to maintain the comprehensive network, it is important to further enhance the implementation rate by means of additional structuring measures for project selection and management. In particular environmental and social pre-screening and in depth programming efforts could help reduce unexpected delays and improve timely budget allocation to advancing projects.

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?*

The proposed priority network approach aligns closely with the overarching fundamentals of the comprehensive network. Positive hereby is the proposed further integration of existing links with planned connections. Moreover, beneficial in comparison with the past approach is also that the priority network can better reflect overall European policy priorities, whereas the past system rather supported individual unconnected links. A priority network may however grow too large, as a result of which only segments of the network can be executed. Moreover, the rules underlying a priority network should cater for the competitive pressure between various port-hinterland connections. The rules should therefore generally avoid favouring individual solutions, unless there are clear and valid grounds of European interest. The priority network assessment should rather enable competing projects to demonstrate their respective value added to the European transport goals. In view of the overall European short sea shipping policy it should additionally be avoided that the priority network would lead automatically to further concentration on the same port-hinterland axes. Finally prioritization should basically go with the market and not unduly counter market developments.

- 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?*

Since the largest part of financing is contributed by the Member States, it is intrinsic that the EU TEN-T policy is and will continue to be faced with the need of complementarity between the national and EU interests. This requires a policy which follows closely the development of this balance as a result of changing transport flows and technological innovations. The proposed flexibility seems therefore useful to provide the required continuity of updating in the same manner as the current review should take into account the market developments of the last 14 years.

- 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?*

Whereas the TEN-T policy also has its own objectives, such as enhancing cohesion and accessibility, the TEN-T network is like any infrastructure in the first place at the service of overarching policies, such as transport and industrial policy. As indicated in the Green Paper, this implies for FEPOT that the further development of port connections, Motorways of the Seas, intermodal networks, logistics policy, security policy, etc should all feature prominently in the future TEN-T program. Guidelines, including basic definitions, selection criteria, appropriate definitions of the priority objectives, should ensure that this policy translation is realized in the future TEN-T budget. Moreover, when taking into account all applicable EU policies, a detailed contribution analysis could assist in assessing the European value added of projects.

The consultation paper indicates that passenger and cargo flows often require separate measures. Whereas this may be true for city distribution, for port cargo flows (especially rail borne) the question is rather how it can be achieved to separate passenger and cargo flows on the section of the network where mixed use creates a bottleneck.

- 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 in 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?*

The summary in the Green Paper is considered very comprehensive. Future security requirements however have been omitted. Logistic chains have to gradually step up security performance, for which it is more than likely that there will be heavy reliance on the systems mentioned, but also on RIS and

related applications. Moreover, in ports there is an increasing requirement for scanning trade flows. Because of logistical impediments or shortages of in-port space, it is likely that some of those security services will be either satellite based or take the form of infrastructure related ITS applications, for instance at multimodal inland terminals. The concept of ITS in the TEN-T policy should take into account these new future requirements.

- 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?*

Referring to the reply to question 6, it is possible that future security and logistic technology will not only require investments in the physical infrastructure, but also in the rolling, navigating stock using it. When the priority is to install such security or non-commercial tracking & tracing systems, an inclusion in the common interest definition has indeed to be considered. The definition of the common interest should take into account which aspects are of commercial nature or are rather based on government obligations serving the general public. TEN-T policy should support the latter.

- 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?*

As indicated in the above position, maritime trade and its connection to the EU trade centres is essential to the European economy. If a core network is conceived, it should primarily be goal based. Certainly in view of the competition between ports, a core network approach should not prevent port projects to be compared in terms of their contribution to the European underlying objectives (efficiency, logistic, environmental, etc). A ‘pure’ corridor approach would not fulfil this flexibility.

- 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?*

Infrastructure provision is a facilitator for developing economic activities and the framework for mobility. As such, infrastructure provision is basically a government task. Private provision would risk leading to cherry-picking with all related disadvantages for accessibility for all citizens. Co-financing on the other hand is already an economic reality in some Member States and can be further widened. Several systems for co-financing are available. There should not be a preference for any of them. The Member State, region, community involved should be entitled the flexibility to develop its own assessment, unless such would go to against basic European interests.

- 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?*

See Q9.

- 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?*

EU funding covers only part of the investment. Supporting this basic principle, it nevertheless implies that EU objectives have to be aligned with the objectives of the other financing parties. Continued efforts to align the various levels of decision/financing power are therefore welcomed.

The same applies to the different funds available to infrastructure development. The transparency of how different EU funding sources (regional, cohesion, TEN, Marco Polo, etc) can be combined should be enhanced. Moreover, when sources are combined, there should be more clarity in the comparative rating system, why project A is entitled cumulated support which at the same time is denied to project B. Competitive consequences of granting support to one out of two (or many) competing projects because of budgetary constraints should also be considered.

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

At the level of public awareness it can be noticed that in the past too much communication emphasis was put on individual projects. The communication of the overall EU transport/mobility needs to which an individual project contributed, was generally absent in public information.

- Q13 *Which of these options is the most suitable, and for what reason?*

Option 3.

This option embodies the principles of the original TEN-T policy in attempting to construct an EU wide multimodal transport network. The second layer of the priority network enables Member States and the Commission to define selection criteria which will reflect highest European value added as well as highest complementarity between national and European objectives. Both the priority network and the conceptual pillar are also designed in a way to introduce sufficient flexibility to allow close monitoring and integration of changes in market trends.