

**UNITED KINGDOM GOVERNMENT RESPONSE TO THE EUROPEAN COMMISSION
TEN-T GREEN PAPER REVIEW
SUMMARY OF VIEWS**

The UK welcomes the opportunity to contribute to the EC Commission's consultation on the Trans-European Network Green Paper – TEN-T review.

The UK considers that the EU added value of the TEN-T programme in its current form is uneven - and generally lacking in the existing comprehensive network.

Taking into account the urgent need to stimulate economic growth as well as the need to address the climate change challenges the United Kingdom calls for a fundamental review of the TEN-T programme and recommends that:

- The objectives of the TEN-T programme need to be clarified and more focused on both scope and outcome; any TEN-T funding from the EU budget must be better focused on priority projects, and combined with EIB loan and private finance as a general rule;
- The existing TEN-T maps would need to be reviewed. No further "priority corridors" should be set up without a compelling case for EU value-added;
- Fundamentally, TEN-T needs to be better focused on projects that provide genuine EU value added and value for money; Only those transport corridors and transport components (such as major ports or airports) that are of strategic interest to a number of Member States, should be part of the TEN-T network;
- In order to obtain a true network effect, the network needs to be fully integrated and multimodal and promote sustainable modes of transport; The peripheral needs of the Community should also be taken into account;

- The review should also address sound financial management, project scoping and TEN-T management which have been inadequate in many cases; For instance, the UK would wish to see a clear definition on what defines the TEN-T network as complete.

The UK has recently set out its latest strategic thinking in the ***Delivering a Sustainable Transport Strategy*** report¹. Similar considerations have been conducted at regional level, for instance, in Northern Ireland the *Regional Strategic Transport Network Transport Plan*² outlines the key transport network and alongside the *Regional Transportation Strategy*³ sets out the long-term transportation strategy for the Region.

We shall stand ready to work closely with the EC Commission and Member States on the future definition and scope of the TEN-T policy and programme.

¹ <http://www.dft.gov.uk/about/strategy/transportstrategy/pdfsustaintranssystem.pdf>.

² http://www.drdni.gov.uk/rts_main_doc-2.pdf

³ http://www.drdni.gov.uk/rstn_tp-2.pdf

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

Yes. The UK would welcome an EC Commission's assessment on the existing delivery problems; The UK considers that a value for money assessment should be able to identify why this has been the case and offer some corrective solutions. We have noted that the Green Paper is silent on the findings of the EC Court of Auditors report⁴. The UK considers that the EC Commission review should build more explicitly on the EC Court of Auditors recommendations – particularly on the points raised about the EC governance and administration of the TEN-T funding. This would allow the EC Commission and Member States to better identify which types of projects and what other sources of finance would be able to provide higher value for money.

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

The Green Paper suggests that the current TEN-T comprehensive network has proven to have limited EU value added. The UK agrees with this overview; as it stands that comprehensive network is an unsustainable model for the future. In any case the future design of the TEN-T network should be based on respective country transport strategies rather than being set arbitrarily at EU level. In the UK, long term transport planning is outlined in the *Delivering a Sustainable Transport System*⁵ report. Similar considerations have been conducted at regional level, for instance, in Northern Ireland the *Regional Strategic Transport Network Transport Plan*⁶ outlines the key transport network and alongside the *Regional Transportation Strategy*⁷ sets out the long-term transportation strategy for the Region.

The UK view is that the revision of the TEN-T network should take account of the following:

- Clarity on the TEN-T's objectives and intended outcomes;
- Clear timetable for completion of the network. Deadline for completion is 2020 but there needs to be more clarity on what defines the TEN-T network as complete.

⁴ Special Report No. 6/2005 on the Trans-European Network for Transport (TEN-T)

⁵ <http://www.dft.gov.uk/about/strategy/transportstrategy/pdfsustaintranssystem.pdf>

⁶ http://www.drdni.gov.uk/rts_main_doc-2.pdf

⁷ http://www.drdni.gov.uk/rstn_tp-2.pdf

- A strengthening of the project appraisal and impact assessment system so that it identifies the projects that provide highest EU value added. No further “priority corridors” should be set up without a compelling case for EU value-added.
- A strengthening of programme evaluation so that it provides information about progress against objectives and value for money and a basis for taking decisions about the future.

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 UK could agree in principle with the priority network approach subject to this meeting all the recommendations stated in our response to Q2. No further “priority corridors” should be set up without a compelling case for EU value-added. Attention should also be paid to improve the performance of the existing network by targeting additional capacity where this is needed to meet growing demand. The UK view is that this flexibility should aim at maximising the use of the existing infrastructure.

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?

The EC Commission is proposing a conceptual approach to TEN-T programme, a so-called *conceptual pillar*. The UK welcomes the introduction of flexibility as a basis for ensuring that TEN-T meets future transport challenges; However, the UK is not convinced that this conceptual approach may work in practice, it is too ambiguous and it may add an unnecessary layer of administrative burden to the TEN-T programme. As mentioned in our response to Q2, there is a need to clarify the objectives of the programme based on value for money principles. On this basis, the UK feels it is important not to bring further complexity and ambiguity to the programme.

What further advantages and disadvantages could it have, and how could it best be reflected in planning at Community level?

As stated above, it is the UK view that it would be difficult to ensure EU value added from projects selected under this conceptual pillar. Other disadvantage is the administrative burden that this may impose to stakeholders; On this particular point, the UK would wish the EC Commission to consider the management side of this new approach with view to avoid a more complex and burdensome administrative process for selecting future TEN-T projects.

Q5. How can the different aspects outlined above be best taken into account within the overall concept of future TEN-T development?

We are keen to see an acknowledgement of the unique circumstances of Member States rather than a one size fits all approach. For example, in the UK we would not consider it appropriate to prioritise rail freight over passenger traffic. The UK operates a high-density mixed traffic railway where providing additional dedicated freight routes or giving absolute priority to freight traffic is not possible without significant investment in new infrastructure as a pre-requisite.

We agree with the Green Paper that airports and ports should play an important part in growth and productivity. Those TEN-T transport components need to demonstrate its EU wider benefit effect, increasing productivity and addressing the climate change challenges. To make the TEN-T network more efficient, major European routes must need adequately interconnected, specific consideration must be given to the integration of European priority routes with major ports in order to promote modal shift.

What further aspects should be taken into consideration?

In acknowledging the unique circumstances of the Member States, the European Commission should also take into account the peripheral needs of the Community.

The UK also considers that the TEN-T programme should focus on delivering strong economic growth while addressing the climate change challenge. This way the TEN-T programme could capture spill-over benefits, for instance when supporting the development of a sustainable transport system where the market does not provide for this.

Q6. How can Intelligent Transport Systems (ITS), as a part of the TEN-T, enhance the functioning of the transport system?

The UK does not consider that ITS is the solution to all transport problems. ITS has the potential to help meet policy objectives around reducing congestion, tackling environmental issues, improving safety and providing reliable travel information and improve safety. But the UK can only support the deployment of ITS applications where they are supported by a sound business case.

How can ITS contribute to the development of a multi-modal TEN-T?

The UK is involved in a range of ITS initiatives that are being taken forward in a number of EU fora. For example, the INSPIRE Directive or the Easyway programme. The work done

in these groups is developing a clearer understanding of how ITS applications can help to meet policy objectives.

How can investment in Galileo and EGNOS be translated into efficiency gains and optimum balancing of transport demand?

As a general point, the EC Commission might want to give some consideration to the linkages between Galileo and the existing (or indeed future) TEN-T objectives. The initial definition and early development phases of Galileo were part funded by the EU through its TEN-T budget line but Galileo now has its own separate budgetary provision in the multi-annual financial framework. The UK believes that this separation needs to be taken into account as the revision of the TEN-T programme should address the future linkages between Galileo and the TEN-T policy.

On the specific point into efficiency gains for Galileo, the UK view is that the range of potential applications for GALILEO is extremely wide. However its commercially oriented services will also make it a valuable tool for nearly all economic sectors. But this should not come "at any price". It is vital that Galileo delivers value for money through a disciplined project procurement and financial management.

The Green Paper suggests that ITS becomes the rationale for policy, and as mentioned above, the UK views ITS as one of many policy options, which must be measured and evaluated comparatively. For instance, this question makes the implicit assumption that Galileo or EGNOS will by definition support improvements in transport efficiency. In fact, the UK position on Galileo would be to implement Galileo based technologies only where and when policy necessitates it.

Future transport networks will be based not only on what is technologically possible, but on comprehensive, sound business cases that provide value for money and take into account user and operator requirements.

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 European Commission should continue to provide financial support on product development and implementation as this will help products maturity growth (inc. reliability). It would also help to reduce unit costs and focus attention on the necessary product and specification development that the UK view as being important to achieving a compelling

case for ERTMS implementation in the UK and throughout the Community. Specifically, the UK considers that:

- The implementation of the GSM-R network should support ERTMS data transmission. This could also include the provision of GPRS to enable increased data capacity needed for high density rail networks;
- There should be TEN-T support to railway undertakings during the mobilisation/implementation of the system by the inclusion of staff training facilities (such as simulators) and activities;
- Development of Specific Transmission Module for national Class B systems

Q.7 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?

The UK agrees that TEN-T should be used to stimulate innovation both in terms of infrastructure development and use. But it should not duplicate the principles and objectives of other European programmes – such as those under R&D.

Q.8 Would this kind of core network be "feasible" at Community level?

See the UK response to Q.3 (priority network) and Q.4 (conceptual pillar). The UK is sceptical, but recognises that it could be feasible subject to a definition of objectives and deliverables that are simple and unambiguous. TEN-T intervention should deliver the highest incremental benefit to as a wider range of member states as possible. The EC Commission should take into account how to capture spill over benefits in the peripheral regions as well as how to respond to a variety of clear wide objectives, including tackling climate change.

What would be its advantages and disadvantages?

This approach could offer an identifiable focus, bringing together a number of aspects and enabling TEN-T to become more able to demonstrate the European added value that is presently lacking. However, the UK believes that there is a danger that if the strategy becomes too complex, it will lose its meaning and purpose. For this to succeed, it is necessary to establish a clear and coherent TEN-T strategy and methodology, with clear guidance on how or when the network should be deemed as being complete.

What methods should be applied for its conception?

Any future conception of the TEN-T network needs to demonstrate its European added value. The UK view is that the design of the core network needs to be evidence-based and

focus on delivery. In this regard, the UK welcomes the findings of the EC Connect Study, which provides a good starting point for generating options. As noted in the response to Q2 the UK has recently set out its latest strategic thinking. This review sets out the UK strategic transport planning for 2014 and beyond. We shall therefore stand ready to work closely with the EC Commission on the identification of the relevant UK sections.

Q9. How can the financial needs of TEN-T as a whole – in the short, medium and long term – be established?

Three principles should guide future EU budget expenditure: EU value added, proportionality and sound financial management.

As part of the EC Budget Review, all areas of budget expenditure should be submitted to analysis against these principles. Areas that score highest should be the priority for receiving future EU budget funding. Funds will be limited; and it is possible that other expenditure areas (for instance, innovation, climate change, security) will take precedence over TEN-T. Within this constraint, any budget funding for TEN-T should be focused on TEN-T priority projects that provide highest EU value added.

Furthermore, it should not be assumed that every TEN-T project should receive EU budget grant funding; in some cases, non-financial EU action (e.g. best practice sharing, political recognition of strategic importance of projects) will be sufficient. And as set out below, other forms of finance can offer better value for money, particularly at the construction phase.

The UK agrees that there is case to look at TEN-T network development beyond the current EC Financial Perspective period (whilst not pre-empting future Financial Perspective negotiations); TEN-T planning could be set up on a short, medium and long term perspectives. This would mirror the UK transport strategy under *Delivering a Sustainable Transport System* report which sets the UK transport priorities until 2014. The UK has started generating options for investment for the period 2014-19 and beyond.

In addition the UK would urge for a more pragmatic view to the utilisation of TEN-T funds. To date, the TEN-T funds have been deviated to large and complex cross-border projects which by nature should have offered the highest EU return. However, delays in the implementation have affected their real EU added value. It is the UK view that the EC Commission should look at other EC Community programmes of a smaller scale but higher EU return – such as Marco Polo – to see if there are valuable messages to be learnt and to establish what mechanism could be applied under TEN-T to increase the programme's value. For example how to ensure that the TEN-T bidding round capture those smaller and less visible projects but which offer significant benefits across the EU territory.

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

The UK welcomes the introduction of Public-Private Partnerships (PPP's) as TEN-T financial instruments. Other innovative instruments should be considered, alongside the existing Loan Guarantee Instrument and Risk Capital Facility.

The European Investment Bank is well placed to promote transport projects of common interest on a large scale and institute innovative funding instruments in junction with the Commission. There is a greater case for use of the EIB in Member States where access to private finance is difficult to secure.

Grants are the most expensive form of finance for governments, with a high associated opportunity cost. Projects that provide EU value added should only be funded by the EU budget where capital markets and the European Investment Bank are unable to provide finance. Grant funding is most appropriate for the design phase of project, for instance to support the delivery of feasibility studies, where access to finance is an obstacle. Once a project reaches the construction phase, other forms of financing are more appropriate than EU budget grants.

Q10. What assistance can be given to Member States to help them fund and deliver projects under their responsibility?

Sharing of knowledge and expertise in a) designing major transport projects b) setting up and running PPP's (on PPPs and procurement more generally, the planned European PPP Expertise Centre in the European Investment Bank could have a useful knowledge-sharing/advisory role). The European PPP Centre of Expertise has a good potential to coordinate national project capabilities by promoting commonalities on systems and processes (document standardisation, scrutiny processes, programme management practice, networking best practice and helpdesk facilities) improving project presentation to the private sector. However, the Private Finance Initiative market operates within national legislative provisions, risk profiles, etc and so this role should not extend into operational implementation which needs to be retained at a national level.

Should private sector involvement in infrastructure delivery be further encouraged?

Yes. As noted above PPP's in particular offer a useful method of delivering TEN-T. It meets the aims of having a long term perspective, clear scope and risk definition and has a track record of delivering projects to budget.

Q11. What are the strengths and weaknesses of existing Community financial instruments, and are new ones needed (including "innovative" instruments)?

The UK assesses the performance of EU budget instruments against the following principles: EU value added, proportionality and sound financial management.

In this context, the UK's assessment suggests that EU value added of TEN-T projects is uneven - and generally lacking in the existing comprehensive network. EU financial instruments need to be better focused on projects that provide genuine EU value added.

Regarding proportionality, EU budget grant funding is insufficiently focused. The TEN-T maps which have been drawn according to the "fair share" principle have now become obsolete; budget funding must be better focused on priority projects, and combined with EIB loan and private finance as a general rule.

Regarding sound financial management, project scoping and management have been inadequate in many cases.

How could the combined use of funds from various Community resources be streamlined to support TEN-T implementation?

The UK agrees with the EC Green Paper that there needs to be a **greater clarity** on the definition and scope of different EC transport programmes. Key to this question is to understand from a practical/ implementation view point how TEN-T objectives may fit with other Community programmes as a way to maximise the EC intervention avoiding any ambiguity between the different programmes or the duplication of EU funds, for instance with the transport theme of the Framework Programme. A better prioritisation of the Community funds to deliver TEN-T objectives should be considered, for example maximising the utilisation of both Cohesion Funds and Structural Funds.

Q12. How could existing non-financial instruments be improved? What new ones might be introduced?

See our earlier response Q.2 on scope and definition of objectives. The UK agrees with the Green Paper suggestions and would see benefit in exploring the Open Method of Coordination.

Q13. Which of these options is the most suitable?

From a principled perspective the UK view is that:

- Option 1, the current structure, has proven to have limited EU value added and looks like an unsustainable model for the future.
- Option 2, priority projects connected into a priority network would be our preferred option as it offers simplicity, clarity and a more focused output approach. The true network effect assumed in the Green Paper under option 3 would be more clearly

achieved here since the integration into wider priority network would allow for a more comprehensive view of the TEN-T network.

- Option 3 would be our second preferred option provided that the definition of the "conceptual pillar" is clear. Special attention would need to be paid to the delivery under this option; the ambiguity and complexity of the so-called double layer approach could limit its European added value.