



European Rail  
Infrastructure Managers



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# EIM's RESPONSE TO THE PUBLIC CONSULTATION ON THE FUTURE TRANS-EUROPEAN TRANSPORT NETWORK POLICY



ProRail



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# EIM's response to the public consultation on the future Trans-European Transport Network policy<sup>1</sup>

## Introduction

The Association of European Rail Infrastructure Managers (EIM) welcomes the revision of the TEN-T policy launched by the European Commission in the Green Paper *"Towards a Better Integrated Trans-European Transport Network at the Service of the Common Transport Policy."*

In general, EIM agrees with the Commission's assessment of the areas in which TEN-T policy has not reached the expected goals so far: objectives have been rather broad, which has made it impossible to fully meet them.

Therefore, EIM welcomes the Commission's efforts to promote:

- **Economically and environmentally efficient**, safe and secure transport services;
- **Financial and non financial instruments** to implement TEN-T projects;
- **Interconnection and interoperability** of national networks, and access to such networks.
- **Flexibility in funding** to provide a basis for transparent and objective project identification.

EIM supports a market oriented basis for the identification over time of projects, corridors and network parts that would contribute to broad EU transport, environment and other objectives based on assessment of projects against these criteria. TEN-T funding to the core network should not be governed by rules that are so strict as to tie future support to pre-existing routes and corridors and inadvertently prevent longer-term developments and funding opportunities that cannot be foreseen.

Please find below EIM's responses to the issues addressed in the consultation paper published by the European Commission on 4 May 2010 (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0212:FIN:EN:PDF>).

**Are the principles and criteria for designing the core network, as set out above, adequate and practicable? What are their strengths and weaknesses, and what else could be taken into account?**

**To what extent do the supplementary infrastructure measures contribute to the objectives of a future-oriented transport system, and are there ways to strengthen their contribution?**

**What specific role could TEN-T planning in general play in boosting the transport sector's contribution to the "Europe 2020" strategic objectives?**

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<sup>1</sup> Trafikverket abstains from supporting this paper.

EIM is of the opinion that the following points should be addressed as a priority when shaping the future TEN-T network:

- Projects should be identified on a market-oriented basis while taking into account sustainability aspects, including adequate territorial cohesion at EU level.
- The Commission's approach should not restrict benefits of TEN-T funding to the core network: tying future support to routes and corridors may inadvertently prevent longer-term developments and funding opportunities that cannot be foreseen at the present time. Allocation of TEN-T funding should recognise a member state's commitment to enacting relevant EU transport legislation (e.g. the railway packages). The conditions for infrastructure managers to operate in an independent and non discriminatory manner should be further strengthened.
- In order to overcome cross-border issues, commitment and enhanced cooperation are required at both EU and national level.
- Consistency with existing EU networks, such as ERTMS corridors, and corridors established under the regulation on "European rail network for competitive freight".

### Developing the TEN-T network

EIM supports the concept of a "conceptual pillar" in the "core network" alongside a "geographic pillar" ("priority network").

The "conceptual pillar" provides criteria and procedures to flexibly identify corridors and projects over time. The core network should have an EU added value, while taking into account the national planning priorities, based on a socio-economic analysis which takes into account the demand and the flow of traffic both within and between member states, as well as social and territorial aspects.

The first steps should be the construction and modernization of the basic infrastructure, elimination of bottlenecks, completion of the infrastructural reunification between Western and Eastern Europe and development of a European high speed network. Better exploitation of existing infrastructure is also key in order to increase rail transport's capacity and meet growing demand in the near future.

The TEN-T network shall be able to expand flexibly over the budgetary period to adapt to changing market circumstances.

Besides, the conceptual pillar has an added value as long as it allows the following criteria to be integrated into the assessment of TEN-T projects:

1. Market orientation (socio-economic analysis)
2. Territorial cohesion (priority to "missing links")
3. Environmental performance /contribution to decreasing CO2 emissions
4. Alleviating bottlenecks

The Commission should be clearer on what are the legislative purposes of the TEN-T network with respect to safety, interoperability and environment, as mentioned in the consultation paper.

Moreover, it would be risky to apply TEN-T principles to the entire network since the TSIs should be applicable to that network as well. This will jeopardise the possibility to differentiate by building customer oriented solutions on some parts of the network.

Finally, when shaping the TEN-T network of the future, the Commission should formally consult railway infrastructure managers in order to have an upstream reality check.

Such a flexible approach should allow applicants to bid successfully for the TEN-T budget when a proposal cannot be associated directly to the priority projects. For instance, the railway line Seinäjoki-Oulu in Finland is not one of the 30 priority projects. However, it legitimately received TEN-T funding (€ 9.3 million) for structural, electrical and capacity measures and improvements of the line. Upgrading of 183 km of railway, 21 stations and 50 level crossings will result in an increased competitiveness of the railway traffic.

An example of a non priority project that was financed in 2007 is the development of the Railway Common Interface and Reference File Database Software in support of the TAF-TSI (€ 1 million).

### **Sustainability, safety, efficiency and intermodality are key drivers**

A truly intermodal TEN-T network should be based on planned actions in favour of more environmentally friendly, less carbon intensive and safer modes. Indeed, DG MOVE's recent statistics<sup>2</sup> confirm that rail has low specific CO2 emissions and an unrivalled safety record.

Therefore, as long as all transport modes are not required to internalise their external costs, thus achieving a level playing field, clear preference must be given to railways, especially on long distance connections and to comodality of freight and passengers. In fact, investing in rail would help to accommodate growing demand for transport and to reduce transport greenhouse gases emissions and fatalities. Similarly, also in order to foster integration of modes, preference has to be given to the funding of rail-road, rail-air, and rail-water intermodal terminal facilities and connections between terminals (rail tracks).

### **2020 strategy**

The main priorities of the "Europe 2020 strategy" are intelligent growth, sustainable growth and inclusive growth. Transport may contribute to the realization of these priorities through developing new technologies (modern infrastructure, ITS, new generations of vehicles) and promoting the use of sustainable transport modes such as railways.

While new-technology could and should be embraced, the principles should not overlook the large rewards to be gained from completing the roll-out of the existing technological aids to transport (such as the electrification of Europe's remaining unelectrified railway lines).

The broader context of the "Europe 2020" Strategy<sup>3</sup>, under which the Commission seeks to *"modernise and decarbonise the transport sector thereby contributing to increased competitiveness"*, can be done through a mix of measures including *"pursuing the*

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<sup>2</sup> [http://ec.europa.eu/transport/publications/statistics/doc/pocketbook2010\\_contractor.pdf](http://ec.europa.eu/transport/publications/statistics/doc/pocketbook2010_contractor.pdf)

<sup>3</sup> <http://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%20%20007%20-%20Europe%202020%20-%20EN%20version.pdf>

*reduction of CO2 emissions for road vehicles, aviation and maritime sectors" i.e. effectively concentrating TEN-T investment in developing low-carbon transport such as rail.*

The completion of the TEN-T network and the proper financial support to the rail priority projects are two fundamental issues in order to promote a modern and sustainable European transport policy. Moreover, this will also result in the creation of new green jobs.

If TEN-T funds are to be used effectively, then the principles should place as much emphasis on the significant volumes of traffic within member states and the impact they have on mobility, carbon emissions and trade as they do on cross-border flows.

Considering the expected infrastructure costs and the leverage effect on the European economy, a substantially-increased EU TEN-T budget is therefore necessary in the next financial perspectives 2014-2020 – much of this need could be met by addressing the discrepancy between funding through TENs and Structural funding.

In the context of TEN-T discussions, it will be crucial to keep in mind that developing an intermodal network is different from developing several fully-stretched networks for different modes of transport. A truly “sustainable”, “intermodal” and “customer oriented” network should promote long-distance infrastructure for the most sustainable modes (rail, inland waterways, short sea shipping).

Greening of the TEN-T network should therefore be a concrete measure in order to decarbonise the transport sector. Developing an efficient TEN-T network would be fully in line with the objective of *“accelerating the implementation of strategic projects with high European added value to address critical bottlenecks, in particular cross border sections and inter modal nodes (cities, ports, logistic platforms)”* as set in the EU 2020 strategy.

In this regard, the DG CLIM’s report “EU transport GHG: Routes to 2050”<sup>4</sup> highlights the importance of developing intelligent and climate friendly infrastructure (e.g intermodal Intelligent Transport Systems and further electrification of the rail network).

The report concludes that “increasing the use of the least GHG intensive modes for each (part of the) journey could be achieved by making these modes more attractive, e.g. through investment in infrastructure”.

**In which way can the different sources of EU expenditure be better coordinated and/or combined in order to accelerate the delivery of TEN-T projects and policy objectives?**

**How can an EU funding strategy coordinate and/or combine the different sources of EU and national funding and public and private financing?**

**Would the setting up of a European funding framework adequately address the**

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<sup>4</sup> <http://www.eutransportghg2050.eu/cms/?flush=1>

## implementation gap in the completion of TEN-T projects and policy objectives?

The ongoing and necessary completion of works requires review, since only three of the 30 priority projects have been completed. The Commission should be clearer about the ongoing value of each of these existing projects as well as its rules for claiming back unspent funds.

While EIM welcomes the publication of the Green Paper on the future of the TEN-T policy, current levels of funding fail to respond to the growing imbalance between the proposed allocated funds and the budget required by stakeholders to complete the TEN-T projects in Europe.

Therefore, EIM fully supports additional processes aiming at funding the TEN-projects, **up to at least €30 billion** for the financial period 2014-2020 in order to cover more than 20% of the DG MOVE investment forecast for priority projects (€148 billion)<sup>5</sup>. Such a share of EU financing appears to be fair, in light of the Member States' budgetary constraints following the economic downturn and of the leverage effect it would have on the overall European economy. For this purpose the Commission should also propose measures aimed at increasing the current low level of co-financing rate.

Moreover, the Commission should adopt a **project oriented approach** when it comes to funding. The period of eligibility of the funds is in most cases not appropriate to the duration of a railway project. The notification is related to a multi annual programme (6 -7 years) or annual programme (1-2 years) and not to the global project.

In order to foster the implementation of the TEN-T network, EIM proposes a **financial bonus** for member states that are on schedule or ahead of schedule. If a member state has unspent TEN-T funds for a project that should have been started and possibly even completed, the money should be returned with interests, and be reallocated to a member state that can keep to their contractual commitments.

In line with the concept of the European added value, EU funding should be prioritised for projects delivering significant levels of modal shift towards environmentally friendly modes and with high socio-economic returns.

Moreover, the EU budget could contribute to the realisation of the TEN-T projects through measures such as:

- A flexibility instrument to support TEN-T;
- A new own resource to finance transport infrastructure in the framework of the revision of the EU budget;
- Improving the adaptation of structural and cohesion funds, regulations and procedures to Public Private Partnerships (PPPs).

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<sup>5</sup> <https://www.ten-t-days-2010-zaragoza.eu/fileadmin/Content/Downloads/PDF/Progress%20Report%202010%20Implementation%20of%20the%20Priority%20Projects.pdf>



EIM encourages the European Commission to adopt a flexible approach to funding by allowing for the combination of output measures and various funds, in order to improve efficiency and overall performance of the projects. This would additionally leverage the amount of private capital invested in the projects.

The linking of funding to EIB loans may be of particular help to Eurozone members and countries with weaker debt ratings.

While the Commission may want to therefore make them easier to facilitate as part of a funding portfolio for infrastructure schemes, use of EIB facilities should not be mandatory or in any way deter an otherwise valid application for funds.

The following sources of financing should be also considered:

- The Directive on the **Emission Trading Scheme** states that revenues from the auctioning of allowances for the aviation sector should be used, amongst others, to reduce greenhouse gas emissions through supporting low emission transport. 15% of the allowances granted to the aviation sector will have to be auctioned from 2013 onwards. The same directive suggests that at least 50% of the revenues of allowances auctioning should be used, amongst others, to encourage a shift to low emission and public forms of transport. This article will apply from 2013 onwards.
- New revenues may come from the **infrastructure tolls**, as clearly stated by the TRAN Committee of the European Parliament on 31st March 2009 in its vote on the TEN-T Green Paper: *Paragraph 17c: Stresses the need to allocate a percentage of toll revenues from road infrastructure to funding TEN-T projects in order to increase the leverage effect on borrowing.*
- Additional revenues from the internalisation of external costs of transport. The **Eurovignette Directive** proposal (Charging of Heavy Goods Vehicles) as amended by the European Parliament on 11 March 2009, and in particular its new article 9 states: *As from 2011, at least 15% of the revenues generated by external cost and infrastructure charge in each Member State shall be dedicated to the financial support on TEN-T projects to increase transport sustainability. This percentage shall gradually increase over the years.*
- A **single European fund for transport infrastructure** would be an efficient coordination instrument. It would need to be coordinated with the existing programmes (not necessarily infrastructure such as Marco Polo) and EIB's transport projects. It should also boost private investments. As suggested by Transport Commissioner Siim Kallas, this initiative could take the form of a European funding framework, which ensures a single programming of EU funds to make sure that transport objectives are delivered by maximising the EU leverage. Such a fund should however not prejudice existing cohesion and structural funding instruments which play an important role especially in some member states.

### The role of the private sector

PPP projects in the TEN-T network prove that partnership structures may be successfully applied to various projects in all modes of transport. For instance, Infrabel's Diabolo and Liefkenshoek projects are rail PPP success stories. In the UK, the infrastructure manager, Network Rail, is debt funded. Therefore, private sector

involvement in infrastructure delivery can be further stimulated in order to ensure adequate funding of the projects.

The development of the French GSM-R is an example of a successful PPP in the rail sector: on 19 February 2010 the EIB signed an agreement with Réseau Ferré de France and SYNERAIL, pledging € 280 million in support of the French rail network under the first public-private partnership (PPP) contract in this sector in France amounting to € 1 billion.

Another good example of PPP is the Portuguese High-Speed Project: the contract for the first section of the Lisbon-Madrid Line (Poceirão-Caia) was signed on 8 May 2010 with a private consortium, for a total amount of € 1.36 billion, with a strong participation of EIB (€600 million).

In this regard, EIM welcomes the launch of financial instruments which aim at facilitating a larger participation of the private sector in the financing of Trans-European Transport Network infrastructure, such as the **Loan Guarantee Instrument for Trans European Transport Network (LGTT)** which could offer increased opportunities to engage into and succeed in financing PPPs.

However, the LGTT might need to be adapted to the **complexity of rail PPP projects**.

In particular, it should take into account the high costs and long term return on investment of rail projects.

In order to foster the use of PPPs to implement rail infrastructure projects, EIM supports any Commission's concrete initiatives following up the Communication of 19 November 2009<sup>6</sup> such as:

- Setting up a PPP group of experts and stakeholders.
- Increasing the funding available for PPPs.
- Proposing a legislative instrument on concessions, based on the ongoing Impact Assessment.
- Linking EU funds to environmental performance as well as to the implementation of relevant EU transport legislation.

### Non financial instruments

- Further investigations into the role of **coordinators** could help increasing their usefulness. In particular they should play a major role in solving cross border issues.
- The positive experience of the **European Economic Interest Grouping (EEIG)** along ERTMS corridors proves that coordination among infrastructure managers is of essence for operations, but also for investments especially for cross border sections. It works even better when member states have explicitly committed to working together via letters of intent. For example, the European Economic Interest Groupings of the Infrastructure managers on the ERTMS corridors

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<sup>6</sup><http://www.eib.org/epoc/infocentre/documents/Commission%20Communication%20on%20PPP-en.pdf>



Rotterdam-Genoa, Antwerp-Basel-Lyon and Valencia-Ljubljana are working to guarantee interoperability and coordinated deployment of all stakeholders.

- As foreseen in the Regulation on a competitive market for rail freight, **Governance bodies** formed by Infrastructure Managers along freight corridors should coordinate their capital investment projects as well as their maintenance works.
- The **European PPP Expertise Centre (EPEC)** can be a useful platform to strengthen the organisational capacity of the public sector to engage in Public Private Partnership (PPP) transactions.
- The **TEN-T Executive Agency** could also bear a more important role in the future as it is a good platform for the exchange of best practices and provides useful administrative support to member states.
- Setting **mandatory deadlines** for projects' completion would be helpful to force the various member state authorities to cooperate effectively.
- It would be desirable to better use the **mid-term review** of the TEN-T multi annual programme. For example, at this occasion, it could be useful to allocate funds from the projects which have not started as planned (and without good justification) to other projects. This is possible according to the current regulation, but not put into practice.

**In what way can the TEN-T policy benefit from the new legal instruments and provisions as set out above?**

EIM supports any measure aimed at simplifying the administrative procedures to have access to EU funds, along the lines of the recent revision of the Marco Polo Programme.

Therefore, in order for the implementation of the TEN-T projects to be on time and within the budget, EIM considers as essential to clarify the responsibilities of the Commission and Member States on planning, defining priorities, financing, implementation and review. In general, the regulatory framework should allow to clearly identify tasks and responsibilities of the various actors involved throughout the entire life span of the TEN-T projects. In particular, the key issues of defining priorities and financing of transport projects should be addressed upstream. Therefore, the suggestion that Member States could have more clearly laid out roles and responsibilities for helping deliver the TEN-T projects could be a welcome development.

EIM agrees with the conclusion of the Expert group 6 that the success of planning, financing and implementing priority projects covering two or more Member States largely depends on the close cooperation of the concerned Member States in each phase and on the legally binding agreements between the Member States including their budget authorities.

Therefore the Member States should be advised to use appropriate legal instruments (such as multilateral treaties, memoranda of understanding and letters of intent) and aim to do so expeditiously.