

FIEC contribution to the EC Communication

“A sustainable future for transport: Towards an integrated, technology-led and user friendly system”

Infrastructure at heart of EU transport policy

FIEC is the European Construction Industry Federation, representing via its 33 national Member Federations in 28 countries (26 EU & EFTA, Croatia and Turkey) construction enterprises of all sizes, i.e. small and medium-sized enterprises as well as “global players”, carrying out all forms of building and civil engineering activities.

I. Introduction:

FIEC welcomes Commission Communication COM(2009)279/4 on “A sustainable future for transport: Towards an integrated, technology-led and user friendly system”, dated 17/06/2009.

The revision of EU transport policy is very closely related to the current parallel review and update of the Trans-European Transport Network (TEN-T) policy, and the issues at stake are similar in many cases. FIEC therefore encourages the Commission to further coordinate the work on these two issues in the best possible way, in order to ensure coherency between the two.

Further to its first contribution to the debate on the future of EU transport policy, dated 30/04/2009 and already available on the DG TREN website, FIEC would like to respond to this new Communication, namely by recalling some major points and adding a few new ones.

II. Main trends and challenges:

Firstly, FIEC agrees with the main trends and challenges identified by the Commission as regards transport in the next few decades:

- **Ageing of the population** will require improved accessibility, security, reliability and comfort which will, among others, require an increase of public investment in transport.
- **Migration is on the increase** and thus will require more links between the EU and its neighbouring countries.
- Internal mobility is also increasing substantially, especially in urban areas and in an interurban context.
- As regards **environmental challenges**, there is an urgent need to reduce GHG emissions¹ from transport and implement a real sustainable transport policy.
- Europe's **dependency on ever scarcer fossil fuels** necessitates a rethink on energy supply and a move towards a low-carbon economy based on greater use of renewable energy.
- **Growing urbanization** is creating problems linked to congestion and pollution and requires the improvement of collective modes of transport and the construction of new infrastructure for public transport as well as the optimization of existing infrastructure.

Due to these trends and challenges, the Commission should also take into account: the current revision of the EU Cohesion policy, which aims at **improving the economic, social and territorial European cohesion** and where the transport sector has a major role to play; and above all, the **current economic downturn**. It is worth recalling, in this connection, that transport infrastructure has been put – and should remain – at the heart of the EU Economic Recovery Plan and most of national recovery plans. Investing in (transport) infrastructure means altogether: boosting the recovery of the real economy in the short and medium terms AND developing a real “Europe without barriers” in the long run.

¹ This should be realised in line with the EU target of 20% decrease by 2020 fixed by the “Energy-climate” package adopted in December 2008.

III. Objectives of EU transport policy:

Here again, FIEC agrees with most of the objectives identified by the Commission, such as:

- The improvement of the quality and accessibility of transport infrastructure, and **smarter land-use planning**, taking into account the various transport modes and related EU policies (Cohesion policy, etc...).
- The development of further actions/legislation – on noise, air pollutant emissions, GHG emissions, etc. – in order to lower consumption of non-renewable resources and encourage a **move towards more sustainable transport**.
- The development of **smart charging** in order to reflect all costs caused by users, initiate a change of behaviour (travel during off-peak hours...) and **help finance the optimization or construction of transport infrastructure**.
- The **competitiveness of European transport**, not only inside the EU, but also in its connections with neighbouring countries and its integration in the world economy.

In this regard, FIEC calls the Commission to consider the EU transport policy and in particular the development of infrastructure as a pillar of the European Neighbourhood Policy. In this sense, the financing and political instruments of the EU external relations policy should be more concentrated on investment in transport infrastructure.

And in particular:

- The development of a **well maintained and fully integrated network**. On this point FIEC welcomes that the present Communication focuses on the integration of the various modes of transport – rather than on pursuing the objectives of the 2001 White Paper, which focused more on modal transfer from road to rail – and on the necessity to guarantee an adequate level of maintenance and the realization of improvement works.

It is worth mentioning here that the notion of “**co-modality**” promoted by the Commission in the 2006 mid-term review of the 2001 White Paper², and defined as: *“the efficient use of different modes on their own and in combination will result in an optimal and sustainable utilisation of resources. This approach offers the best guarantees to achieve at the same time a high level of both mobility and of environmental protection”*, remains fully up to date!

It should only be added the more recent **intermodality and network approaches**, as described in the present Communication and also promoted by the Green Paper on the review of the TEN-T policy³. Such an integrated system should rely upon the optimal combination of infrastructure, nodes, intermodal terminals, transport vehicles, equipment, ICT applications, freight logistic systems, services, operational and administrative procedures.

This approach is further supported by the conclusions of the **TRANSvisions study**⁴, drawn up on behalf of the Commission, which states that mobility demand and traffic flows will continue to increase in all transport modes and that the road sector will remain the dominant transport mode within this time span.

For this reason, it is clear that coordinated action and/or legislation appropriate to each mode of transport will be necessary in the future and this in parallel to the necessary realization of missing interconnections and multimodal platforms, as well as the optimization of infrastructure use.

² COM(2006)314: Keep Europe moving – Sustainable mobility for our continent – Mid-term review of the Commission's 2001 Transport White Paper.

³ COM(2009)44, dated 4/02/2009.

⁴ TRANSvisions study, Final report on transport scenarios with a 20 and 40 year horizon, March 2009.

➤ **Road:**

Studies show that road transport will remain essential to people and freight mobility in the future. In this context, the road sector has to participate to the joint European effort to reduce our impact on the environment and lower non-renewable energy consumption, as foreseen by the objectives of the European “Energy-Climate” package⁵.

In this regard, the current proposal for the **revision of the “Eurovignette” Directive**⁶, aiming at fighting against congestion and pollution by taking into account the externalities of road transport hauliers, is very much welcomed. FIEC calls on the Council and the Parliament to rapidly find an agreement on this proposal and stresses that the additional revenue generated should be earmarked to transport infrastructure, as the Commission calls for, in order to ensure the best possible optimization and development of infrastructure.

➤ **Rail:**

Despite European initiatives in favour of the rail sector, this mode – and in particular the rail freight sector – is far from developed to its maximum capacity. Freight rail suffers namely from a quality problem.

In this regard, FIEC welcomes the Council's political agreement of 11/06/2006 on a **proposal for a regulation concerning a European rail network for competitive freight**⁷, which already identifies 8 freight-oriented corridors. This agreement still has to be confirmed and supported by the Parliament.

FIEC also welcomes the proposal, included in the “Greening Transport” package, which aims at reducing noise generated by rail transport.

FIEC however regrets that the reflection on the **internalization of external costs** in the rail sector is in stand-by, due to stalled discussions in the Council concerning the same reflection as regards road transport hauliers (see “Eurovignette III” proposal⁸).

➤ **Waterborne transport:**

Development of the “Motorways of the Sea” mainly relies upon Member States' initiatives. The Commission should become more deeply involved in these initiatives and support the development of ports in **connection with their hinterland**. In this framework, FIEC welcomes the approach of the Green Paper on TEN-T, which promotes sea ports as multimodal platforms with rail and/or inland waterways connections.

Furthermore, waterborne transport should also be included in the reflection about the **internalization of external costs**.

Finally, the integrated network proposed by the Commission should be one pillar of a **sustainable development planning**, which would integrate EU policies related to the transport policy (cohesion, regional, urban policies, etc...), in order to ensure the best possible efficiency and coherency of these policies and their objectives.

Indeed, it is absolutely necessary that Member States and local authorities work on sustainable development planning, which would take altogether account of the development of urban areas (with business and social activities), the coherence and cohesion of the entire area and the transport needs. Such planning would help rationalize the development of infrastructure in general, and consequently of transport infrastructure.

⁵ EU “Energy-Climate” package adopted in December 2008: “20-20-20” objective.

⁶ COM(2008)436 dated 8/7/2008: Proposal for Directive amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructure.

⁷ COM(2008)852 dated 11/12/2008.

⁸ COM(2008)436 dated 8/7/2008: Proposal for Directive amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructure.

IV. Policy instruments:

1) Infrastructure: optimization and development.

As stated above in this paper, increasing and new mobility needs will lead to the **necessity of new infrastructure**: multimodal (logistics) platforms, missing links, by-passes, interconnection centres, access to remote regions, etc...

In the specific case of urban mobility, substantial financing of the various kinds of such mobility is needed in order to invest in infrastructure, passenger interchanges and the network maintenance. The EU should study notably the possibility to financially support these works, not only through the financial instruments of regional policy – to be strengthened in the next period concerning investment in transport infrastructure – but also through new policy and financing instruments in the field of urban mobility.

In parallel to the construction of necessary new infrastructure, the future EU transport policy should also maintain its promotion of the optimization of existing infrastructure of the various transport modes, which is proven to be the best cost-efficient solution.

This optimization means the **maintenance and renovation of infrastructure**, and its optimization and adaptation to the current economic, social and environmental challenges. This implies increasing their capacity and interoperability, to make them more accessible to people and to make them more energy efficient.

Optimisation can also be realized through the identification of “green corridors” or the creation of corridors dedicated to either passenger or freight transport. This would, again, improve the quality of freight transport and make it more attractive.

In the framework of freight transport and logistics, infrastructure has indeed a major role to play. In a similar way as modern logistics systems and updated technologies, intermodal platforms, dedicated corridors and upgraded infrastructure are some of the crucial conditions for competitive European freight transport.

Optimisation of transport infrastructure also occurs through the **development of Information and Communication Technologies (ICT) and Intelligent Transport Systems (ITS)**. The development of these tools allows better traffic management, which consequently leads reduced congestion and pollution. FIEC therefore welcomes the success of systems partially financed by the TEN-T budget, such as ERTMS, RIS, EGNOS or Galileo.

However, it is doubtful whether the financing of ITS and ICT through TEN-T budget, to the detriment of hard infrastructure, is really appropriate. It seems more appropriate to finance the development of these systems through national and European R&D budgets.

In any case, the development and optimization of transport infrastructure should be made, as stated before, in accordance with sustainable integrated planning, which would ensure the coherency of the various EU policies related to territorial development and in order to create a real integrated transport network.

2) Non-financial instruments.

The reflection on non-financial instruments for the development of the EU transport policy has to be considered in light of proposals already made in the framework of the Green Paper on TEN-T and brought into line with the development of European transport in general.

➤ **Governance:**

The Commission should fully play its role in coordinating and encouraging cooperation and harmonization of actions at all levels (EU, national, regional and local, between EU and Member States, Member States between themselves). Such harmonization is for example needed for rules applied on tolling schemes and on ITS systems, in order to ensure interoperability across the EU. Where EU action is not possible due to the subsidiarity principle, the exchange of best practices should be systematically encouraged.

➤ **Project coordination:**

The role played by coordinators in the implementation of several TEN-T Priority Projects has proven very useful and successful. This has been recognized by a vast majority of stakeholders, who would be ready to see their number and competence extended.

This solution should be extended beyond the sole TEN-T policy for clearly identified actions or projects whose realization would otherwise be slowed or endangered.

FIEC also welcomes the creation of the TEN-T Executive Agency, which is expected to play a major role in project preparation and management. Its role could even be extended to more coordination. Many stakeholders called for the creation of specific entities dedicated to the management and coordination of projects, corridors, funding coordination, etc... FIEC agrees with this idea but believes that, in order to save money, the TEN-T EA has the potential to provide such a task, provided that its scope of action and competence is extended.

➤ **Member States' involvement:**

Despite the fact that it remains very sensitive and complicated in practice to put pressure on Member States to maintain and even increase their involvement in actions and projects in the field of EU transport policy, FIEC regrets that this issue has not been seriously addressed by the Commission. FIEC calls for the implementation of binding commitments for Member States which benefit from EU funding in the field of transport actions and projects.

It could then be envisaged to impose penalties on Member States lagging behind in the realization of the concerned actions or projects, or make it profitable for them to implement these actions/projects. For instance, tax relief, fiscal benefit and bonuses could be envisaged for investment completed in advance (or at least on time).

➤ **Legislative and regulatory framework:**

- In order to rationalize procedures, FIEC calls for the adoption of a common environmental methodology in the appraisal of infrastructure projects across modes and countries. This common methodology could namely set common sustainable development objectives that projects should comply with. In this framework, impact assessment of projects should not only take the socio-economic impacts into account, but also the environmental impact. This methodology should be consistent with the proposal for a new "Eurovignette" Directive.
- The Commission should ensure the rationalization and simplification of procedures for projects' preparation and procurement to allow a swift (and cheaper) implementation of the projects.



- FIEC also calls for the full completion of the Internal Market in order to ensure fair access to the market to all stakeholders and make it more competitive.
- As stated earlier in this paper, in order to improve their respective attractiveness, specific legislative initiatives are needed for each transport mode, in particular regarding the quality of infrastructure services and the maintenance of infrastructure.
- In order to positively influence investment in transport infrastructure at national level, rules in the field of public procurement, concessions and public-private partnerships (PPPs) should be appropriate and adapted, so as to promote the realization of transport infrastructure projects⁹.

FIEC recalls here that an initiative on PPPs would be very much appreciated from the Commission. FIEC therefore welcomes the forthcoming initiative on service concessions but regrets that the scope of this initiative does not cover all types of Public Private Partnerships.

In this context, FIEC welcomes a proposal, arising from the consultation on the revision of the TEN-T policy, which calls the Commission to draft European standardized PPP guidelines on experience, selection, negotiation and implementation in a European standardized toolkit for PPPs.

3) Economic and financial instruments.

➤ **Economic instrument:**

As stated before, FIEC strongly supports the increased participation of users in the cost of construction, maintenance and generated environmental impact cost, namely through infrastructure charging and through the process of internalisation of external costs, which will enable the cost of externalities generated by transport users to be suitably reflected in transport infrastructure pricing/charging ("user/polluter pays" principle).

FIEC however regrets that its concretization is still pending, namely through discussions being stalled on the "Eurovignette III" proposal. FIEC calls the Parliament and the Council to rapidly find a political agreement on this issue, and the Commission to propose similar legislative initiative for all modes of transport as soon as possible.

FIEC however believes that it is not a realistic option to entirely self-finance infrastructure through infrastructure charging and internalization of external costs. The list of externalities (air and noise pollution, congestion, GHG emissions, accidents...) and the earmarking of generated revenues to sustainable transport infrastructure namely remain sensitive areas, which Member States are not ready to solve.

⁹ As regards the promotion of PPP schemes, FIEC agrees with the fact that this is not THE solution to all difficulties. However, PPPs should be encouraged – e.g. through a higher rate of support from EU funds for PPPs – where they bring a real added-value. PPPs remain a sound solution to help finance projects through private financing – especially in the current context of financial and economic crisis where public investment is weaker/decreases – and better design them in order to take into account the infrastructure whole life-cycle.

➤ **Financial instruments:**

Public money remains the most important resource to finance a sustainable EU transport policy. However, this resource is often insufficient at national level to cover the entire costs of the various projects. The situation has now worsened due to the financial and economic crisis. Additional European – direct or indirect – financial intervention is thus needed. FIEC also calls the Commission to strengthen and coordinate all possible financing sources, and for example:

- **Structural funds** already play a major leverage role in the financing of transport infrastructure. FIEC calls for the increased and optimized use of this budget line for the next financial period 2014-2020.
- FIEC welcomes the **involvement of the EIB** in financing of infrastructure and in guarantee schemes. The EIB should be further encouraged to guarantee risks in this field and relax access conditions to these guarantee schemes.
For instance, the EIB loan guarantee instrument (LGTT) has proven to be very useful. This solution should be further developed and better adapted to the complexity of large infrastructure PPPs.
- FIEC calls for the further development of the recently set up « **Fonds Marguerite** », which, amongst other items, will finance transport infrastructure. FIEC also invites the Commission to evaluate the possibility of creating a special fund entirely dedicated to financing transport infrastructure projects (or “EU sustainable transport policy”), whose operational management could, again, be ensured by the TEN-T EA, with enlarged competences.
- FIEC welcomes the future inclusion of maritime transport and aviation in the **EU ETS scheme** and calls for the earmarking of generated income to the transport sector, and in particular to the development and optimization of sustainable transport infrastructure.
- FIEC supports the same option as regards **tax collection on energy** (fuel taxes).
- Taking into account the recent proposals in this field – and namely from the European Parliament and from the declarations of President Barroso – FIEC calls again the Commission to evaluate the possibility to finance infrastructure projects of European strategic interest through a system of **European bonds**.
- For what specifically refers to the realization of TEN-T, as a major part of the EU Transport policy, FIEC calls for **a strong increase of the TEN-T budget** which has been cut down to €8 billion for the 2007-2013 financial framework while the Commission is committed to providing around €20 billion. FIEC also calls for **a higher rate of co-funding** from this budget line. This financing source should play the role of a major financial lever for TEN-T infrastructure projects. FIEC has therefore great hopes in the forthcoming discussions on the Financial Perspective for 2014-2020.
- Finally, the best efficiency of these resources should be ensured through the **concentration and even combination of these resources on EU key projects** with socio-economic, environmental and European added-value (e.g. TEN-T Priority Projects, multimodal platforms, etc...).