

## A TEN-T policy for developing smart, sustainable, inclusive, and truly European transport networks

### FIEC contribution to the Commission's consultation on the future TEN-T policy

*FIEC is the European Construction Industry Federation, representing via its 34 national Member Federations in 29 countries (27 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.*

#### Introduction – General comments:

FIEC welcomes the European Commission consultation on the future Trans-European Transport Network policy (TEN-T), dated 4<sup>th</sup> May 2010, and expresses its general support to the orientations developed in this document. The text recognises the essential role of the TEN-T policy in achieving the Europe 2020 Strategy, its contribution to the single market and territorial cohesion goals, its leverage role for the economic recovery, and its impact on long-term competitiveness and on employment. The construction industry contributes 9.9% to EU GDP (source: FIEC "Key Figures – activity 2009"). It is therefore essential for the efficient implementation of the EU recovery plan, as well as for achieving the competitiveness and employment objectives set in the Europe 2020 strategy.

However, FIEC would like to stress five important points concerning the future Trans-European Transport Network policy:

First, **FIEC reaffirms that infrastructure projects, large and small, do play a concrete role not only for the achievement of the internal market, but also in protecting the environment, enhancing territorial development, optimising traffic, decarbonising transports, and ensuring Europe's economic, social and territorial cohesion.** Existing Priority Projects have calculable impacts on reducing GHG emissions, on urban development by removing traffic from city centres and consequently reducing congestion and air and noise pollution. These projects also help develop a sustainable goods transportation system and some of them even foster sustainable tourism and water management.

Secondly, **FIEC recalls that the financial dimension will remain the main factor of success for the future TEN-T policy.**

The TEN-T programme is a highly efficient investment programme, with direct impact on European competitiveness. It should not serve as an adjustment variable for the EU budget. **FIEC especially disapproves the important cuts in the payment credits of the TEN-T programme (€100 mn) proposed by the Council for the 2011 budget** and expects that the TEN-T programme will not bear the brunt of the inter-governmental negotiations on the next EU multiannual financial framework. .

According to Commission data<sup>1</sup>, as from 2013, the completion of the 30 Priority Projects alone would require an additional investment worth €148 bn., provided that all planned investments are made as foreseen up to 2013. This, in a situation of strong budget restrictions, cannot be taken for granted.

As a consequence, FIEC calls for **a stronger TEN-T programme in the next EU multiannual financial framework, amounting to at least 20% of the completion cost of the core network; that is, €30 bn. for transport infrastructure (i.e. current 30 Priority Projects) alone.** This amount should be considered as a minimum to ensure continuity for the ongoing Priority Projects, in particular in their construction phase. Any possible extension of the selected projects within the forthcoming core network should be closely evaluated and financially supported. FIEC therefore calls for not overloading the list of priorities and expects that resources will be concentrated on concrete projects with proven European added-value, such as major cross-border projects.

Thirdly, **FIEC supports the planning of a core network that ensures continuity for the ongoing projects, and therefore actively advocates the takeover of all current Priority Projects in this core network.** Indeed, any major questioning of the current list could send a negative message and undermine efforts made so far by projects owners and investors.

<sup>1</sup> Publication of the EC: "Implementation of TEN-T Priority Projects – Progress Report 2010", June 2010.

Fourthly, **FIEC supports the introduction of supplementary or innovative infrastructure measures or projects and of flexibility provisions as long as they aim at fostering the development of a stronger and more integrated transport network.** Hard transport infrastructure – contrary to services and systems – should remain the main focus of the TEN-T policy.

Finally, FIEC calls for better inter-services coordination within the European Commission regarding the various aspects of the TEN-T policy. **Adequate initiatives should guarantee political coordination in Commission activities at higher possible level. Besides, the role of the TEN-T Executive Agency in technical coordination should be reinforced.**

## Answers to questions – Additional elements:

### 1. The methodology for TEN-T planning

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?

FIEC supports the principles and criteria, as well as the 4-step method, set out in the Commission's consultation document concerning the core network planning, and would like to add the following comments:

- FIEC reasserts that keeping current Priority Projects on board will be fundamental in order to not send a negative message and to avoid undermining efforts made so far by projects owners and investors to push these projects forwards. The core network should ensure continuity with on-going projects. In this respect, FIEC expresses some worries regarding the Commission's willingness to bring "some adjustment where necessary". Again, this should not send a wrong signal to the project leaders and be undertaken on the basis of a dialogue with all players involved in the projects.
- FIEC does not understand either the assertion that "planning a core network is not meant to initiate a new infrastructure programme of immense scope", nor the reference to "minimisation of investment, maintenance and operational costs" as a general principle for designing the TEN-T. **First of all, investment should be optimised, not minimised, in line with the Europe 2020 Strategy.** Secondly, we should not forget that the achievement of interconnections between national networks alone does already represent essential projects of very large scope and huge investment needs (i.e. completion of the on-going projects, solving of missing links and bottlenecks, optimisation of the use and quality of existing infrastructure...). This means that aiming for a third-rate core network is neither a cost-efficient strategy, nor a realistic one.
- FIEC calls the Commission to consider the future TEN-T policy as a pillar of EU neighbouring policy. **The core network must be linked with neighbouring regions**, as the growth and sustainable development of the EU is also closely related to their growth potential. In this respect, **FIEC expresses its support to the development of the Trans-Mediterranean Network**, and especially the development of the sea linking the South and the North shores; with rail and road hinterland links; better links with the major TEN-T railway Priority Projects; as well as the development of hubs and logistical platforms<sup>2</sup>.
- This geographical element does not only concerns EU neighbours. Member States' geographical situation has to be taken into account for the core network planning in order to **guarantee the North-South and East-West territorial cohesion of the EU.**
- FIEC is particularly in favour of the choice of sustainable solutions; at the same time, ensuring multimodality (incl. intermodal links and co-modal facilities) in order to respond to the users' needs, namely in optimising **all** modes of transport and their interoperability.
- Also, the future identified parts of the network should be consistent with what had already been promoted in the Green Paper, namely: **coexistence of freight and passenger transports, development of airports, development of a polycentric network of sea and inland ports, adaptation of existing waterways and improvement of logistics of freight transport.**

<sup>2</sup> In this field, please also refer to the Action Plan for "Rebuilding the Mediterranean", presented at the MED FORUM of 12<sup>th</sup> and 13<sup>th</sup> July in Milano by the Italian Associazione Nazionale Costruttori Edili (ANCE), and supported by FIEC.

- **The planning of the core (and comprehensive) network should also take into consideration the integrated approach for TENs<sup>3</sup>, in the sense that synergies in the planning of relevant transport, energy, and telecommunication infrastructure should be sought.**
- Eventually, the new TEN-T Guidelines ensuing from this new network planning should promote a culture of patrimonial management of transport infrastructure. That is, the good management and maintenance of the infrastructure over time.

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?

FIEC supports the introduction of supplementary and innovative infrastructure measures or projects into the TEN-T policy. These measures or projects can be enhanced not only by a financial support, but also by adopting a relevant regulatory framework or appropriate specifications or by resorting to a PPP scheme.

However, **FIEC insists that the TEN-T budget should focus on supplementary and innovative measures concretely related to transport networks, while support to actions related to transport systems, traffic management, transport services, or new technologies should remain the exception.** Indeed, it is impossible to finance every single project within the TEN-T framework, and that is why FIEC calls for not overloading the list of priorities and expects that resources will be concentrate on projects with the strongest EU added-value, as major cross-border projects, and in particular the construction phase of these projects.

**FIEC supports especially the following types of innovative and supplementary measures:**

All modes / co-modality:

- Foster innovation in infrastructure through the EU policy for research, development and innovation;
- Make co-modality a reality by linking modes through physical transfer points;
- Develop green corridors of transport.

Rail transport:

- Develop a quality, cost-efficient, and demand-driven infrastructure capacity;
- Improve access to rail and its integration in the multimodal transport chain;
- Remove bottlenecks that cause delays;
- Implement the measures necessary for the implementation of the regulation of the European Parliament and of the Council concerning a European rail network for competitive freight;
- Deploy of the European Rail Traffic Management System (ERTMS);

Road transport:

- Improve the design of and research on roads to contribute to their environmental and energy performances;
- Deploy of infrastructure-related Intelligent Transport Systems ensuing from the Directive of the European Parliament and the Council on the framework for the deployment of Intelligent Transport Systems in the field of road transport and for interfaces with other modes of transport;
- Enhance the realisation of infrastructure needed for the deployment of clean and energy-efficient vehicles, such as electric cars (so-called "charging equipment");
- Improve infrastructure safety for the implementation of the Directive 2004/54/EC of the European Parliament and of the Council of 29 April 2004 on minimum safety requirements for tunnels in the trans-European road network and of the directive 2008/96/EC of the European Parliament and of the Council of 19 November 2008 on road infrastructure safety management;

Waterborne transport (inland):

- Improve the use and quality of waterway infrastructure by establishing stable fairway conditions, upgrading locks, increasing under-bridge clearance in accordance with highest relevant class;
- Create and/or upgrade multi-modal and accessible ports providing quality and cost-effective transshipment;

<sup>3</sup> Communication COM(2007)135 of 21st March 2007: "Trans-European networks: Towards an integrated approach".

Waterborne transport (maritime):

- Provide adequate port capacity for handling present and future maritime traffic volumes, for safe and secure year-round maritime access and reliable and sustainable hinterland connections via rail, road and inland waterways;
- Environmental efficiency measures, in particular standardised shore-side electricity deployment in ports from renewable energy sources or infrastructure for abatement of emissions of ships at berth in area's prone to exceeding the air quality limits.

Finally, **FIEC understands the need for flexibility in the TEN-T framework, but considers that introducing completely new types of projects or selection criteria into the TEN-T framework over the programming period should remain a legislative prerogative** (rather than a delegated act of the EU Commission). If a new situation requires it, legislative amendments to the TEN-T programme would be justified. In such a case, it would be essential to preserve the financial and legal security of on-going TEN-T projects. Furthermore, the adjustments should maintain the essence of the TEN-T policy as an EU policy for developing and modernising a truly European transport network.

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

**FIEC highlights that the current TEN-T planning already plays an important role for the smart, inclusive and sustainable growth of Europe.** The TEN-T planning has to be updated to ensure that future projects will have a full contribution to achieving the internal market, shoring up territorial cohesion, optimising transports and reducing the impact of traffic on the environment. Furthermore, innovative infrastructure measures as mentioned above would boost the TEN-T policy's contribution to the Europe 2020 strategy.

## 2. TEN-T implementation

### 2.1. Assessment, prioritization and non-financial instruments

FIEC agrees with the European Commission on the following ideas:

- **Infrastructure projects resulting from the planning should be assessed and prioritised** through open calls for proposals addressing missing links and bottlenecks, and through a specific assessment of the whole core network based upon consistent and reliable data and agreed methodologies, in order to identify TEN-T projects of high European added value. According to FIEC, these projects consist above all in concrete transport infrastructure projects.
- **The mandate of the European Coordinators should be extended** from major cross-border projects to cover also "packages" of smaller infrastructure and operational measures on a corridor basis. FIEC is also in favour of designating new European Coordinators wherever useful, with a special attention given to cross-border sections, and of reinforcing their status and their individual mandates in terms of coordination, financial engineering, project planning, technical issues, pricing, operation, etc.
- **The future TEN-T Guidelines should include provisions encouraging the Member States concerned to conclude inter-governmental agreements – as part of a system of binding commitment – on projects' planning, financing and implementation.**
- FIEC also underlines the necessity to strongly coordinate the programming, financing, legal and implementation aspects of the future TEN-T policy at the EU institutional and political levels, namely by reinforcing the role of the TEN-T Executive Agency in technical coordination and by implementing adequate initiatives to guarantee political coordination in Commission activities at the higher possible level.

**Further proposals for non-financial instruments are described in part 3.**

## 2.2. Funding

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

**FIEC recalls that the financial dimension will remain the main factor of success for the future TEN-T policy.** In this respect, FIEC very much supports the statement that “increasing investment in public infrastructure is potentially supporting economic recovery as it has a multiplier effect in the short term, and it can improve the competitiveness of a country in the longer term. Infrastructure investment also creates jobs...”

Therefore, the TEN-T programme should not serve as an adjustment variable for the EU budget. FIEC especially disapproves the important cuts in the payment credits of the TEN-T programme (€100 mn) proposed by the Council for the 2011 budget.

Moreover, the Commission should not set up new TEN-T Guidelines “without prejudging the forthcoming EU budget review”, as the TEN-T budget is a key and must be adapted to the needs and objectives agreed upon. During the preparation of the next EU multiannual financial framework, FIEC therefore expects that the TEN-T programme will not bear the brunt of the inter-governmental negotiations on the budget. FIEC calls for a stronger TEN-T programme and for a targeted list of priorities so as to allow resources to be concentrated on concrete projects with proven European added-value. EU grants in general, and especially in the field of the TEN-T, are an essential lever to maintain national investment expenditures.

Considering this, FIEC encourages the EU to **set infrastructure investments as a political priority for growth in line with the Europe 2020 Strategy, and reserve a budget worth at least 20% of the cost of the core network; that is €30 bn. for transport infrastructure projects (i.e. current 30 Priority Projects) alone.** If other types of projects are included into the TEN-T framework, the financing should be increased accordingly.

Concerning the ways to enhance investment, FIEC supports the orientations proposed in the consultation document, namely the following measures:

- **Elaborate upon the strengths of the current TEN-T programme**, notably the possibility to make financial commitments over the entire multiannual period, the positive role of the TEN-T Executive Agency, and of European Coordinators.
- **Establish a European funding framework for the TEN-T.**
  - o This framework should enable the EU to coordinate, optimise, and concentrate relevant EU resources on the TEN-T projects (TEN-T budget, structural funds, rural development funds, Marco Polo, R&D funds in transports, relevant programmes of the external policy, EIB portfolio). It would allow for a contribution of the ERDF or EARFD to the TEN-T in all regions, according to their specificities.
  - o It would ensure consistency between the TEN-T policy and national policies in that field, by providing guidance to national investments on the basis on EU priorities set out in the TEN-T planning framework.
  - o The framework would also comprise other sources of funding, such as the revenues drawn from transport activities.
  - o Investments made on the basis of the framework would respect fair, transparent and efficient criteria ensuring the European added value of the selected project.
  - o The EIB expertise would be involved in the screening and the assessment of projects in cooperation with the Commission and the TEN-T Executive Agency, and would provide a necessary spur to facilitate the use of PPPs.

FIEC also encourages the Commission to take into consideration the constructive conclusions of the experts group dedicated to financing issues, in particular the following measures:

- **Promote the pricing of infrastructure use and transport externalities**, especially for the core network, **and the earmarking of these transport revenues to transport infrastructure.** Member States could be encouraged to implement such measures through the modulation by the EU of TEN-T grants co-financing rates.

- **Foster the use of cross-financing mechanisms** – that is, to back the financing of a public transportation system on an existing infrastructure already generating revenues – for the removal of critical bottlenecks on the core network, following the cost-benefit analysis of each single project.
- **Allow for more flexibility in creating and developing new financial instruments such as the LGTT**, according to their performance.
- **Investigate on the feasibility of issuing Euro-bonds and TEN-T project bonds.**

And last, but not least:

- **Establish a flexible and incentive framework for public-private partnerships (PPP):**
  - o Secure the financing and the role of the European PPP Expertise Centre (EPEC);
  - o Ensure that the selection of PPP projects follows an assessment of the socio-economic utility for using a PPP scheme;
  - o Adjust the procurement procedure, funding and risk sharing, financial structure to each PPP project;
  - o Manage the whole contract over-life and generalise the inclusion of renegotiation clauses in PPP contracts;
  - o Fight against the phenomenon of cherry-picking of entrepreneurs' ideas during competitive dialogue procedures;
  - o Entrust the Secretary General of the Commission with a leading role to coordinate the Commission's initiatives on PPPs;
  - o Provide a clear framework for blending EU funds with PPPs;
  - o Secure a stable and fair treatment of PPPs in the European rules on public deficits and debts, and in accounting rules.

### **3. The legal and institutional framework of the TEN-T policy review**

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

For FIEC, the choice of legal instruments should stem directly from the objectives and approach of the TEN-T policy, that is, a policy aiming at developing modern, sustainable, and truly European transport networks.

**This is why FIEC is in favour of merging the two existing legal acts of the TEN-T into a single TEN-T regulation**, as a measure to clarify and reinforce the TEN-T instruments.

On the contrary, **FIEC has mixed feelings about the extension of the TEN-T to another legal basis related to the common transport policy** (Articles 91 and 100 of the TFEU), as it could create a confusion about the role of the TEN-T policy.

Using this legal basis could only be an opportunity if it aimed at strengthening the specific focus of the TEN-T policy on hard infrastructure. In legal terms, the TEN-T policy would then have to be renamed as an EU transport infrastructure policy. Such a move would be a chance to go beyond the soft-law approach and tackle important challenges such as:

- Reinforcing the Declaration of European interest, which should entail consequences of simplification of consultation and planning procedures.
- Clarifying the responsibilities of Member States in TEN-T implementation at the different phases of the projects (planning, financing, implementation, review).
- Reinforcing the statute and mandates of European Coordinators in term of coordination.
- Facilitating the establishment of Intergovernmental Commissions (IGC) and of single project owners on the cross-border sections of projects of European interest, which should be given a consistent geographical scope, and an ambitious mandate with clear objectives. The Commission should play a driving role in this regard.

Again, **FIEC understands the need for flexibility in the TEN-T framework, but considers that introducing completely new types of projects or selection criteria into the TEN-T framework over the programming period should remain a legislative prerogative** (rather than a delegated act of the EU Commission). If a new situation requires it, legislative amendments to the TEN-T programme would be justified. In such a case, it would be essential to preserve the financial and legal security of on-going TEN-T projects. Furthermore, the adjustments should maintain the essence of the TEN-T policy as an EU policy for developing and modernising a truly European transport network.

Nevertheless, FIEC encourages the European Commission to examine how the new provisions on delegated or implementing acts could contribute to fostering infrastructure projects.

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