

## The response of Ferrovie dello Stato to the Consultation on the future of trans-European transport network policy

### Introduction

Ferrovie dello Stato (FS) welcomes and supports the European Commission's (EC) Consultation regarding the future of Trans-European Transport Network.

With reference to Network planning, FS particularly supports the necessity for two levels of project planning: the **comprehensive network** and the **core network**, with the later making up the backbone of a future European transport system.

With reference to the financing system EU support for the Network should be strengthened by keeping funds concentrated on the international sections of current Priority Projects. In fact, the current Priority Projects when integrated and connected between them should make up the basis of the future "core network".

FS upholds the opinion that in a European network, which is increasingly a more essential element for the integration and development of the Union and therefore one of the most important parts of Europe's public goods, a process of transition towards the EU taking direct and full responsibility for all issues related to the "core network" should be explored.

Please find below specific comments on each topic covered in the Consultation.

### Consultation - Questions and answers

#### 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?*

*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?*

FS shares the ends, needs and the characteristics outlined in the Consultation regarding the "**comprehensive network**". Concerning the necessity to update the current T-TEN network, we consider the inter-modal connections particularly important.

Also concerning the blueprinting of the "**core network**", FS wholly shares the criteria outlined in the Consultation. The new "core network" must ensure synergetic connection between current priority projects, which must be completed as soon as possible, and the main European



ports and airports. However the actual volume of passenger traffic and freight, in addition to the potential for future development, should be taken into account.

In fact, as underlined in the Consultation document, the new core network must start from current Priority Projects, on which EU member states have invested and are investing significant resources. Moreover it is important that the said priority projects are inter-connected between each other in a network that includes main European ports and airports that are essential for intercontinental connections, and with inter-modal nodes to allow for inter-modality.

The core network should include all high speed railway connection to thus reinforce the concept of a trans-European high speed network that from the technical and commercial point of view serves to complete the integration sought by the single market. The workings of the European Master Plan on the High Speed railway network should accompany the definition of the "core network".

Concerning **Italy**, FS considers that the planning of the TEN-T network should be made a reality in the following ways:

The comprehensive network should move from the current TEN-T railway network and integrate it with the new lines activated in recent years and with inter-modal connections with airports and ports systems (*see figure 1*).

The core network should include, integrate and connect the current priority projects that cover a highly strategic role for the whole of the EU (*see figure 2*):

- Berlin - Palermo rail axis (PP1);
- Lyon – Ukrainian rail axis (PP6);
- Rotterdam - Genoa rail axis (PP24);
- Milan Malpensa airport.

Together with:

- The extension of the Gdańsk - Vienna rail link (PP23) to Trieste and Ravenna, in line with the recently approved European Regulation for a priority rail freight network;
- Rome Fiumicino International airport;
- The main Italian ports.

Accompanying measures to network planning are essential to allow infrastructure to fully achieve its potential. In the rail sector greater importance must be attributed to the technological systems that are essential in order to maximise the efficiency of infrastructural systems, and at the same time, ensure that accessibility and interoperability follow. It is therefore necessary that the move towards ERTMS from national signalling systems and traffic control gathers pace. The implementation of the system on the six ERTMS corridors and thereafter to the entire "core network" is of particular importance:

Moreover, as also stated in the Final Report published by TEN-T Policy Review Expert Group 1 on planning, in order to put into practice the "decarbonisation" of transport, it is necessary to accompany investments in "green" infrastructure, like the railway, with a series of measures that ensure the "polluter pays principle", thus promoting a modal shift toward cleaner means of transport. In fact, quoting again from the expert report *"...investments in rail do not automatically generate modal shift; but additional rail infrastructure capacity would be needed if a modal shift was induced by policy measures such as internalisation of external costs."*



## **Implementation/ financing**

*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?*

An ambitious programme of investment in the transport sector has to establish an **adequate budget** as its starting point. Without this condition any resolute proposal to reinforce infrastructure is destined to remain theoretic/abstract. Therefore, a significant increase in European funds available for the trans-European transport network is a necessary condition to give certainty to the various programmes.

Concerning the type of financial instruments to use – bearing in mind the relevant economic dimension of the projects in question, and moreover the difficulty in ensuring a significant return in addition to repaying the costs of the investments sustained, we consider that **grants** are the form of financing having the widest capacity allowing for significant leverage effect, one which is essential for the completion of projects of this kind.

A further contribution could come from the reinforcement of debt instruments. Such reinforcements could come from both EIB loan resources for sums greater than 50% of the total cost of investment and – in the field of a strategic revision of the structure of the EU's balance sheet - by the introduction of Eurobonds/Project Bonds. Concerning Public Private Partnership (PPP), even if acknowledging the importance of the involvement of the private sector, it is believed that it can only carry out an extremely marginal role for the moment.

In consideration of what has been stated above and the estimated costs for the forthcoming programme - around € 145 billion for priority projects - and to maximise leverage for them, it is indispensable that the Commission proposes an allocation of at least € 30 billion for TEN-T Funds for the next 2014 - 2020 financial perspective.

Under this scenario the absolute precedence of priority projects already underway, ones which present the highest level of risk, must be confirmed, whilst also giving priority in the allocation of funds for **cross border** and **cross natural barrier** projects that come under the **core network**.

In the current legislative framework, which explicitly excludes the possibility of cumulate TEN-T funds and cohesion/structural funds for the same community action, it is difficult to coordinate the community instruments towards a common target. In this framework, the definition of a European "core network" could favour the identification of "**long-term national programmes**", coordinated in a multi-annual European programme thus helping, in a timeframe of more than one programming cycle, in finding financial cover as a whole under national, community and eventual private financial instruments.

Long-term national programmes would limit the spreading of funds into projects of minor importance from a European point of view and would cause stakeholders to be bound to long-term commitments and therefore guarantee the effective completion of predefined objectives.



To this aim it is considered opportune to also apply the reserve of fund principle - currently destined for priority projects and for traffic management systems - to projects that are part of the "core network" (as stated in Art.8 of the financing rules n. 680/2007), with particular attention paid to less polluting means of transport.

With reference to the **financing rates**, the current legislative framework, which ranks community intervention according to the importance of the works, there should be a reconsideration to increase the maximum percentages of community funding in particular for the cross-border sections of the "core network" and to also introduce a minimal funding rate. As a consequence the table would be as follows:

- 50% (max) of eligible costs for the study of projects making up part of the "comprehensive network" and thus consequently part of the "core network";
- 10% (max) of eligible costs for works on projects classified as part of the "comprehensive network";
- 20% (max) of eligible costs for works classified as part of the "core network";
- 40% (max) of eligible costs for works destined to the cross-border sections of the "core network" and for which there must, in any case, be a minimal financial rate of at least 20%.

It is desirable to have greater harmony in instruments and financing rules for the granting and payment of funds (with relative simplification in selection, progress monitoring and community contribution payment procedures). In order to promote national funding projects of European interest, the said contribution will need to be excluded when calculating the convergence criteria.

### **Conclusive evaluation and strategic prospective**

The trans-European transport network is playing an essential role in the integration and development of the EU. Under this scenario, the "core network" represents one of **Europe's most important public goods**, one which any company or any citizen in the Union can make use of. We should therefore explore a process, which in a vision of further growth in the responsibilities of the EU, should lead the Union to take direct and full responsibility for all issues concerning the "core network" starting with its financing and preferably ending with the European Union adding the network to its patrimony.



