UNICE

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REVISION OF TRANS EUROPEAN TRANSPORT NETWORKS – DEFINITION OF NEW PRIORITY PROJECTS

UNICE OPINION

INTRODUCTION

The time horizon to complete the Trans European Transport Networks (TEN-T) is 2010. Unfortunately, work is not advancing as rapidly as expected when the idea of Trans European networks was launched (only 3 of the 14 priority projects as defined by the 1994 Essen European Council have been finished). The Commission proposed in October 2001 a new amendment for the TEN-T guidelines to tackle the new challenges facing transport and to help to meet the objectives of the new transport policy as described in the White Paper on a European transport policy for 2010. It mainly aims at removing bottlenecks in railway infrastructure. The intention of the Commission is to revise the TEN-T Guidelines more fundamentally in 2004, to take account of enlargement and expected changes in traffic flows. A communication on this may be presented to the June Transport Council, on the basis of the recommendations by the high-level group chaired by Mr van Miert.

STRATEGIC VIEWS

An efficient, complete and interoperable transport system is of utmost importance to reap the benefits from further market integration, enlargement and international trade liberalisation; hence the importance of investing in Trans European Transport Networks. However, transport infrastructure alone is not enough, European business needs well-functioning and competitive transport services to operate on that infrastructure.

In that context, UNICE is critical of the heavy emphasis in the White Paper EU Transport Policy and in the TEN-T programme on railway infrastructure, especially as long as that market is not fully liberalised. UNICE would like to draw attention to the dominant importance of road and waterways transport (especially short-sea shipping), as can be seen from EUROSTAT statistics on the split in modal market shares[1] in goods transport. Infrastructure and bottlenecks in road transport, short-sea, and inland-waterways should receive priority. The financial means currently made available for the development and maintenance of road and waterways infrastructure are insufficient. Likewise, when connecting the candidate countries to the trans-European networks, a substantial part of the Community funds should be spent on roads, which are vital to connect their economies to the EU countries, and to make a success of enlargement.

UNICE would welcome the recognition of the European pipelines as part of the Trans European Transport Network, allowing new olefins pipelines projects to be taken into account

[1] Expressed in tonne kilometres, the market share of road transport in the year 2000 was 43,8%, short-sea shipping accounted for 41,3%, rail transport for 8,1%, inland waterways for 4,1% and pipelines for 2,1%. EU Energy and Transport in Figures, Statistical pocketbook 2002, Eurostat.

for possible EU support. Furthermore, attention should be given to making better use of the existing networks, the whole transport system needs to be optimised.

The inclusion of the “motorways of the sea” is welcomed by UNICE, especially considering the importance of short-sea shipping for peripheral areas. Possible development work could include traffic management and information systems, development of port operations, development of containers and unitised cargo handling, smoother customs operations, information systems for intermodal transports, etc.

Finally, UNICE emphasises the importance of dealing with the problem of border crossings. It is obvious that the facilitation of trade and traffic flows brought about by the new proposed projects will be useless if border crossings continue to act as bottlenecks.

HOW TO SELECT AND FINANCE THE PROJECTS

SELECTION CRITERIA

UNICE emphasises that the list of priority projects to be recommended by the van Miert group should be much more than the simple outcome of negotiations between the Member States about their individual priority projects. The selection process should be fully transparent, allowing a comparison and analysis on the basis of objective criteria.

The priority projects should facilitate trade and transport between the member states of the enlarged Union and contribute to the integration of the new Member States in the internal market. However, the north-south corridors should receive close attention as well. Such projects, creating a wide network extending from Scandinavia to the Mediterranean, will form vital transport corridors for the development of the internal market and will contribute to European integration and to better cohesion. They will facilitate peripheral Member States' access to the centrally located markets.

The project selection should be done applying objective criteria that, apart from taking cohesion and sustainable development issues into account, are based on a thorough analysis of existing and expected international trade & transport flows, directing the investments to those bottlenecks and corridors where they are most needed. This is especially important bearing in mind the difficulty to find public funding for large infrastructure projects – and the corresponding need to involve private finance (see next paragraph).

FINANCE

The total cost of projects for the Trans-European Transport Network (based on the Community guidelines adopted in 1996) is put at € 400 to 500 billion. It is obvious that at the current rate of investment the deadline of 2010 will not be met, as can be seen from the fact that only 3 of the 14 priority projects as defined by the 1994 Essen European Council have been finished to date.

In that context, UNICE considers that public investments in Trans European Transport Networks raise growth potential in line with the Lisbon Strategy. Therefore a small temporary deterioration in the budget deficit as a result of these investments could be allowed, under the strict conditions outlined by the European Commission in its Communication[2] on the strengthening of the co-ordination of budgetary policies.

[2] These conditions are substantial progress towards the ‘close to balance or in surplus’ requirement, government debt below 60% of GDP, an adequate safety margin to prevent at all times nominal deficits from breaching the 3% of GDP reference value, etc. (COM (2002) 668 final, page 7).

Furthermore, UNICE considers there is a need to obtain – before a project is selected - a firm finance commitment of the Member State(s) involved. Additionally, it should be possible to withdraw the Community funding if project implementation is not realised within a given time limit.

The dramatic lack of progress in the realisation of the Essen projects, in UNICE's opinion clearly illustrates the urgent need for more effective Public Private Partnerships (PPP)[3]. In the current public deficit situation of most developed and developing countries, private financing becomes a means for public action. PPP is also an alternative to privatisation for dismantling infrastructure or service monopolies. PPP constitutes a mechanism for having a range of suppliers delivering public services, bringing new sources of innovation and management and creating a healthy competitive pressure on all providers to improve their performance.

Operators face more and more difficulties in Europe when they try to set up PPPs, and they are convinced that these difficulties come in part from an uncertain legal and financial environment and from the lack of knowledge and skills of some public authorities. Additional efforts are urgently required to devise financing instruments that facilitate private-public partnerships.

UNICE therefore welcomes the attention paid in the Commission Communication "Developing the trans-European transport network" (COM (2003) 132 final) on innovative funding solutions. UNICE will comment in detail on this Communication in a separate position paper, but would like to point out here that it would certainly welcome active promotion of involvement of private capital and a better definition of priorities/more effective coordination between different Community instruments (TENs, structural funds), European Investment Bank loans and national infrastructure funding. A higher than 10% Community contribution could also be considered to facilitate public-private partnerships for investments that show a positive rate of return and that are partially privately financed.

[3] For more details on UNICE's views on public private partnerships, see UNICE's position paper on "Promoting public private partnerships" (25/02/2002), which can be downloaded from UNICE's website (www.unice.org).