

**RESOLUTION No. 97/1 ON TRANSPORT AND INFRASTRUCTURE DEVELOPMENT**

[CEMT/CM(97)4/FINAL]

The Council of Ministers of the ECMT, meeting in Berlin on 21 and 22 April 1997,

**HAVING REGARD TO**

- the mandates given to the ECMT at the Noordwijk [CEMT/CM(93)11/Final], Annecy [CEMT/CM(94)23/Final] and Budapest [CEMT/CM(96)3] Councils;
- the Regional Conferences held over the last year in the Barents Sea, the Baltic Sea, Central Europe, the Balkans, the Black Sea and the Mediterranean Sea;
- the Joint Statement to the Pan-European Conference to be held in Helsinki [CEMT/CM(97)1];
- the country monographs submitted to it for information;
- progress on the various Pan-European corridors described in the report submitted by the European Commission;

**AWARE** of the changes in the nature of the issues dealt with, as described in the explanatory note attached to this Resolution, changes due to a larger geographical coverage, a closer scrutiny of mobility needs and a more political content of transport choices;

**RECALLING** a specific role of the Conference which consists on the one hand, to help establish a bridge at a policy level between the European Union and the rest of Europe, and on the other hand, to bring together research work and the political aspects of transport problems;

**NOTING**

- that it is important to co-operate in the design and development of Pan-European transport networks;
- that the nine Pan-European corridors in Central and Eastern Europe and the guidelines adopted for the development of a Trans-European transport Network (TEN), as reproduced in the maps annexed, are a starting point for coherent infrastructure development at the Pan-European level;
- that the European Union and its associated countries have begun a Transport Infrastructure Needs Assessment with a view to extending the Trans-European Transport Network to new members;
- that, in view of the limited financial resources available, compared to the level of financial needs, the extension of the corridors and any selection of projects of European importance has to meet strict efficiency criteria giving priority to the modernisation, maintenance and efficient use of the infrastructures;
- that, since 1994, it had nevertheless been possible to begin and even complete a certain number of projects of European importance;

**GIVEN** the Memoranda of Understanding (MOU) agreed between the Governments concerned and in most cases the European Commission on the development of transport corridors I, II, III, V<sup>1</sup>, VIII and IX;

## **SUPPORTS**

- the actions undertaken in the framework of ECMT and the European Union with the object of adjusting the Pan-European corridors to integrate the changes which have occurred since the Crete Conference -- widening of the European Union, peace process in the former Yugoslav countries, possible membership in the European Union of some Central and Eastern European countries, Euro-Mediterranean agreements between the European Union and Mediterranean countries, as defined in Lisbon in January 1997 --, in view of the Third Pan-European Transport Conference, to be held in Helsinki on 23 and 24 June 1997;
- a multimodal approach for the purpose of co-ordination in the planning of international transport infrastructures, in accordance with the principles and procedures established jointly by the different international organisations concerned and to be developed by the Member countries, with a view to integrate both economic development needs and environment consequences;

## **ADMITS**

- it is necessary to pay particular attention to some specific areas of Europe, such as the Mediterranean, the Euro-arctic and the Black Sea regions;
- it is however highly advisable to keep essentially unchanged the present corridors as defined in Crete and the increase of their number should be based on in-depth reasoning; a new corridor X to meet the needs of the Balkan region seems nevertheless already justifiable<sup>2</sup>;

## **RECOMMENDS**

- that the above mentioned Memoranda of Understanding be implemented by the countries signatories;
- that framework principles enabling a co-ordinated approach to transport policies, especially infrastructure investment policies, be formulated in view, in particular, of promoting the most environmental friendly transport modes;
- that greater consideration be given to the role of ports, as specific centres of intermodal operations;
- that efforts to improve border-crossing and customs clearance procedures be pursued;
- that precise and sustainable regulatory and financial provisions be adopted by Member countries with a view, in particular, to avoid the negative effects of a market economy without control and mobility growth;
- that co-ordinated investment choices in case of competing international projects be implemented, especially because of the limited funding available, so that European transport infrastructure can be adapted to the growth of international trade flows;
- that interoperable telematics systems be introduced so that better use can be made of existing infrastructure;

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<sup>1</sup> This Memorandum of Understanding has not an integrated value for the Republic of Croatia, because the Republic of Croatia has not signed it so far. The Agreement between Croatia, Italy and Slovenia on connecting the ports of Rijeka and Trieste is in progress.

<sup>2</sup> The main international transport lines of Croatia and Bosnia-Herzegovina should be annexed to existing Crete corridors. Coordinated work towards this objective should be carried out within the European Union, the ECMT and the UN/ECE.

- that financial resources (with a target of 1 to 2 per cent of GNP) by Member countries be committed to the process of renovating transport networks and to the start-up phase of new projects of European importance;
- that follow-up research work on the relationship between mobility and economic growth, the definition of methodological principles for planning international infrastructures, the monitoring of market trends and the drawing-up of transport infrastructure development scenarios with a view to ensuring consistency, be done;

**INSTRUCTS** the Committee of Deputies to monitor the implementation of the above recommendations and to continue its work, in accordance with its previous mandates.

## EXPLANATORY NOTE

One of the most important challenges of the present decade is to achieve sustainable economic and social integration of the whole of Europe. To this end, efficient transport systems and infrastructure are important factors.

In response to the questions raised during the May 1996 Council of Ministers in Budapest on the political challenges involved in the establishment of a European transport system [cf. document CEMT/CM(96)3], the detailed analyses of recent trends in traffic forecasts for the various countries, as contained in document CEMT/CM(97)5, and recent research undertaken in the different international organisations -- European Union (EU), United Nations Economic Commission for Europe (UN/ECE) and ECMT -- allow certain aspects of the debate to be clarified.

A. Continuing work on changing transport trends and infrastructure requirements has revealed a shift in the *nature* of the issues dealt with, the reasons for which are numerous:

### 1. A larger geographical area

As far as Europe's transport policy is concerned, and also that of individual countries, the geographical area involved has grown over the past few years by virtue of:

- transport networks which extend further North towards the Barents Sea, further East towards the countries of the Commonwealth of Independent States (CIS) and the Black Sea, and also reach in the direction of Central Asia;
- the reintegration of the Balkans -- because of the peace process in former Yugoslavia -- in central and eastern European infrastructure plans;
- and, lastly, the opening up into the Mediterranean area, with the Euro-Mediterranean partnership.

The enlargement of the geographical area has happened neither in a uniform manner, nor against the same institutional background, which has been one of integration for the European Union countries; gradual transition from the concept of priority corridors to that of a Trans-European network for the countries of Central Europe in a Membership perspective; extension of the networks along priority corridors in order to promote trade, which are not just for European Union purposes but also provide opportunities for more local relations for the other countries; free-trade area in the Mediterranean Basin, with initial trade-facilitating measures in the context of the Euro-Mediterranean partnership outlined in Barcelona in November 1995.

To "encourage integration", "improve trade" and "foster development" are, depending on the situation, the key objectives of this new European area which, however, does not show the desired degree of regional cohesion.

Multimodal choices are limited by national or local circumstances, implying that there is no unique solution to the need to develop a multimodal strategy. Short-sea shipping and the integration of ports, as well as inland terminals, are becoming new components which need to be given closer consideration.

## **2. Closer scrutiny of mobility needs**

In many cases, the assumption that transport and economic activity grow in tandem is accepted without much real analysis, while elasticity estimates do not always tally.

There is nothing to suggest, however, that such assumptions should persist or that they are warranted. Often, in fact, there are various possible growth and development models -- a notion which is rapidly gaining ground thanks to our awareness of an expanding Europe, and which leads to a more elaborate definition of these assumptions.

The previous report by the Sub-Group on Infrastructural Needs (of the Group on Trends in International Traffic) had already placed the emphasis on the need to distinguish between short-distance mobility and long-distance mobility, and between national (inter-regional) and international mobility, the latter still being hampered by "frontier" effects.

Nowadays, mobility patterns are becoming more and more complex. This conclusion clearly emerged out of the various ECMT Round Tables held in 1996, more particularly Round Table 105 on Infrastructure-induced Mobility and Round Table 106 on Intercity Transport Markets in countries in transition.

Some monographs and mainly the conclusions of Round Table 104 on Polarisation of European logistical areas and new trends in logistics have shown that to incorporate or transpose forecasting models and analytical models too hastily can result in serious errors which are very costly when it comes to heavy investment.

This is all the most worrying in that, within the European Union itself, recent phenomena dating from the early 1990s are not always true: for instance, passenger traffic on long-distance is slowing down and traffic calming is more effective than foreseen. These phenomena have only infrequently been built into traffic projections carried out for the purpose of infrastructure plans (cf. monographs), and this can very significantly affect the outcome 20 years from now.

Finally, the shift in the geographical direction of flows is not really fully understood. The CEECs' foreign trade having completely changed direction in less than two years, it may be that there is now something of a shift back again towards neighbouring Central European countries, as the figures for 1995 seem to suggest (cf. ECMT publication on Trends in Transport Sector, 1970-1995), and indeed since then towards the Independent States Community countries.

The answer to this question lies partly in the possibility of incorporating in the scenarios new assumptions which influence mobility.

These assumptions lead to a new definition of relations between mobility and economic growth: by introducing the consequences of physical planning policies, or else the consequences of a change in life styles; by introducing scenarios involving the polarisation of activities (or, on the contrary, their dissemination) or likely to increase or not increase distances, and also logistical rationalisation scenarios capable of reducing unit transport consumption and initial journeys; moderate freight traffic growth through a better modal split by introducing more varied forms of intermodal chains coupling road with rail and waterways and transport by land and by sea.

Recent examples demonstrate the possible impact of such transport policies assumptions in a new light, whether it be a question of better traffic control or changing the modal split: the success of sustainable development policies depends thereon.

This new definition of the link between mobility and economic growth also has consequences where infrastructure policies are concerned, in that they can ensure that the best possible use is made of existing networks and that the emphasis is on their upkeep rather than on seeking, first and foremost, new investments.

### **3. Transport investment choices have become more political**

In the perspective of a single market for the whole of Europe, and once what the Community has achieved has been translated into the liberalisation and opening up of transport systems, the introduction of an infrastructure policy will involve a fresh period of political choices and trade-offs for transport.

This need, already demonstrated by the questions raised in Budapest [CEMT/CM(96)3], was again clearly apparent at the last ECMT Round Table on transport in the countries in transition.

Its content can now be spelt out more specifically.

Where the European authorities are concerned, the possibilities are fairly restricted and it will be difficult to increase the overall amount of funds available, which means that priorities will therefore have to be set. But this requirement, with its more political content, also involves individual countries since a European infrastructure policy presupposes the existence of soundly-based national scenarios.

Clarification as to the content of these options would then be possible:

- *Concerning the overall volume of investment in transport infrastructure and the percentage of GDP that it represents:*

The percentage is low and in many cases very low, less than 1 per cent in some of the Central European countries.

Nowadays, the share accounted for by transport will depend not on any sectoral claim, but on the justification for a certain number of trade-offs in favour of transport rather than other sectors: if this is to happen, it is important to show how transport serves the purposes of cohesion and development and is vital to the quality of life.

- *Concerning the pricing of infrastructure and the possible balance between private and public financing:*

It is clear that the options with regard to infrastructure financing and tolls presuppose some clarification of the objectives of tolls, and this has to be arrived at via policy debate. As in the case of Hungary, Slovakia and Slovenia, people want to be involved in this debate. The question is to determine whether the purpose of tolls is to finance infrastructure, adjust traffic flows, provide payment for quality of service or influence the routes taken by traffic.

- *Concerning the environment impact of infrastructure use, particularly in sensitive areas*

Here again, a number of options have to be clarified, depending on the size and importance of traffic flows and whether the existing charges are intended to orientate traffic, encourage other modes of transport or, much more simply, finance extra environmental protection costs. Tolls can be a tool for adjusting traffic flows, thus influencing the routes taken and creating a demand for a higher level of service. Tolling is a sensitive decision influenced by technical, financial and political considerations.

Regarding transit charges, harmonisation should be sought since unilateral decisions cause reactions of other countries which hamper a further opening of the market.

-- *Concerning the organisation of transport and of major enterprises:*

Organising alternative solutions to road freight transport involves investment and a change in the way the major railway companies work in order to bring them in conformity with market requirements. The trend towards market liberalisation cannot depend on market forces alone, but requires clearly defined public policies in this area -- which can also mean involvement of private operators. There are limits to privatisation in this area if one result is the atomisation of the sector.

Where passenger transport is concerned, existing assets have to be maintained by developing new forms of public service management. The preservation of a policy of public service has also to be specified and evaluated in terms of costs/benefits to the community, so that roles and responsibilities remain clearly identified.

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If a European regulatory framework is not quickly implemented, it could be more difficult to find solutions since there already are a certain number of national initiatives taken, as stated in the countries monographs. A more enduring European policy therefore depends on the formulation of more specific national policies -- an area where there are real shortcomings. The approach adopted by the ECMT is in fact intended to link two approaches which should complement each other:

-- A European approach comprising:

- a regulatory framework including what might be called Community attainments, as well as UN/ECE regulatory provisions designed to facilitate trade;
- Trans-European networks and priority corridors;
- a set of criteria specifying policy priorities.

-- National approaches also comprising, at different levels:

- regulatory frameworks compatible with the European regulatory framework, depending on the area concerned;
- national infrastructure plans in varying stages of completion and which comprise a number of known projects;
- more or less clearly defined procedures for establishing and selecting priorities.

There is therefore work to be done at two levels: national approaches have to be co-ordinated from the international standpoint, and they also have to complement the European approach.

The first recommendations as to how to achieve this are upstream, in the actual outline of the scenarios which shape the future and explain the policy options to be formulated.

Similarly, there are several levels of scenario:

- economic environment and economic openness scenarios for first of all assessing the volume of demand;

- physical planning scenarios for next determining mobility requirements, both for passengers and for freight;
- transport and sustainable development policy scenarios explaining policy options with respect to taxation, pricing, multimodal organisation and the protection of environment.

Once the analytical context has been clarified, the question is to select priorities:

- the choice between maintenance, better use of existing equipment and the building of new infrastructure;
- the choice between infrastructure projects which have to be incorporated in national and/or European plans.

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**B.** Given that political compromises are inevitable at international level because of countries' differing interests, some suffering from the inadequacy of their transport links and others from the effects of excessive traffic, it would be useful if the ECMT and, especially, the Committee of Deputies were to contribute to further discussions by making concrete proposals for action on these different points. For this to happen, it will be up to Ministers themselves, at the time of the ministerial discussions, to say what direction they want the work to take.

The *solutions* that can be proposed as a starting point are the following:

#### **1. Collaboration on developing and implementing Pan-European transport networks**

This is stated in the Declaration by the Second Pan-European Transport Conference which was held in Crete from 14 to 16 March 1994 [Crete Declaration, paragraph 4].

The ECMT believes that the guidelines concerning the Trans-European transport Network (TEN) [Decision No. 1692/96/EC of the European Parliament and the European Council, of 23 July 1996 (OJ L 228 of 9 September 1996)] and the objective set out therein, which is to interconnect with the networks of the European Free Trade Association (EFTA) States, the Central and Eastern European Countries (CEECs) and the Mediterranean countries, while at the same time promoting the interoperability and accessibility of networks, is an important element for establishing a Pan-European transport network. While the Community Guidelines lead to a dense multimodal transport network for Western Europe, the transport networks in CEECs represented a different approach for development. The CEECs, together with the European Union, set up a transport backbone serving the most urgent needs of trade and co-operation between the Union and the CEECs. This backbone was conceived to be affordable and to be realised as soon as possible. It is composed of 9 corridors linking CEECs between them and also to the borders of the Union. Maps attached to this report, illustrate then two different approaches: the TEN-TR in Western Europe and the Pan-European Corridors in CEECs. Important projects of national interest can be found in the country monographs. When the CEECs apply for European Union Membership, it also stimulates the need to extend the TEN-TR concept to an enlarged Union. Therefore in a few years' time the corridors in Central Europe will integrate into a more dense network covering the trade and communication needs of this enlarged Union. Meanwhile, it will nevertheless be necessary to pay particular attention to some specific areas of Europe, such as the Mediterranean, the Euro-arctic and the Black Sea regions.

## **2. Creation of an harmonised policy framework**

In the case of border-crossing corridors in particular, such a framework is vital as a means of determining, jointly, what improvements are needed, while it also guarantees that the investment devoted to each mode of transport is as effective as possible.

In including the Pan-European corridors as well as the important projects of associated states, in the selection of projects of mutual interest, with a view to their potential accession in the next decade and the extension of the Trans-European networks, the ECMT is demonstrating its willingness to contribute to the process of planning and co-ordination with the other Central and Eastern European States.

In addition, the ECMT supports the adjustment of corridors as a means of adapting to the return of traditional traffic flows in the Balkans, following the start of the peacemaking process in former Yugoslavia in 1995, and also to the increase in transport relations with the Central and Eastern European countries since the accession of Sweden and, especially, Finland and Austria to the European Union on 1 January 1995.

It is vital to pursue efforts to improve border-crossing and customs clearance procedures, so as to justify the massive investment scheduled to go into the corridors concerned and considerably speed up goods and passenger transport within Europe.

The Crete corridors are important links for the creation of an effective Pan-European infrastructure system which takes ecological imperatives into account. This is why the upgrading of railway networks and inland waterways and/or the promotion of short-sea shipping should be encouraged. Lastly, telematics systems should be used in so that better use can be made of the existing infrastructure.

## **3. Devotion of sufficient financial resources**

Concerning the nine Crete corridors of 1994, it needs to be emphasised that modernising the existing railway and main road corridors, each 15 000 km long, could cost in the region of ECU 25 to 30 and 30 to 45 billions, respectively, according to European Union estimates. Also, a certain number of projects have already been implemented thanks to EU financial assistance under the PHARE and TACIS programmes (200 millions ECU per year for the period 1994-97), contributions from international financial institutions (2 billions ECU per year for the European Investment Bank) and the national budgets of ECMT Member countries.

Although the ECMT attaches great importance to the financing of infrastructure projects by means of public and private sector partnerships, the basic assumption is nevertheless that methods of financing have to take account of each country's specific national characteristics, for example as regards hedging against private risks.

In this context, the ECMT recommends that greater account be taken of actual demand, and especially financial feasibility, when reviewing the corridors defined at the Crete Conference. This could result in the setting of new priorities based on actual demand level on the one hand, and on increasing budgetary constraints on the other.

Even when all the possibilities of financing by third parties have been exhausted, a substantial proportion of investment will still have to be financed from national budgets. Those Member countries which still have a lot of catching up to do with respect to infrastructure development should include sufficient appropriations for this development, so as to create the sort of conditions which will encourage increased participation by international financial institutions. This has historically been of the order of 1 to 2 per cent of GNP in ECMT Member countries. In the Central and Eastern European countries, the resources in question should be used in particular for the agreed Pan-European corridors, where external assistance will also be mostly provided.