TRANSPORT INFRASTRUCTURE DEVELOPMENT FOR A WIDER EUROPE

SEMINAR

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FINAL CONCLUSIONS
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A Seminar on Transport Infrastructure Development for a Wider Europe, jointly organised by the European Conference of Ministers of Transport, the European Commission, the United Nations Economic Commission for Europe and the European Investment Bank, was held on 27 and 28 November 2003 in Paris.

The aim of this Seminar, which was designed for high-level policy makers, was to provide guidelines for a common approach to planning and financing major transport infrastructure across the European continent and beyond.

Because of the enlargement of the European Union and the growing globalisation of world trade, there is a need for renewed reflection on the framework and the instruments used until now to develop transport infrastructure at the international level. The overall objective of the Seminar was to contribute to the process of identifying the major transport axes between the enlarged European Union, the neighbouring countries and Asia, the Middle East and the Mediterranean area as well as to look into ways of increasing cooperation. Presentations and discussion covered also broader issues relating to transport infrastructure and operation.

The Seminar reached a number of conclusions on the strategy to be pursued in developing transport infrastructure outside the enlarged European Union, which can be summarised as follows:

1. An appropriate policy framework

The development of transport infrastructure requires a stable policy framework that will ensure the optimum use of existing assets and of the investments that must be made in this field. To this end, the transport policy that will be used as a basis for all infrastructure initiatives must aim to:

- continue liberalising transport at the international level in order to improve efficiency of trade - the necessary pre-condition for economic growth and social development;

- promote harmonisation, interoperability and intermodality particularly along corridors, so as to reduce transport costs and to improve efficiency; this policy goal must not only address the technical aspects of transport, but also the administrative and legal provisions governing this activity. A special effort must be made in two fields: border crossings and traffic/transport management (including the dissemination of information on transport operations), as there is little use in making transport more rapid by improving infrastructure if nothing is done to reduce waiting time at borders, if lack of effective management of transport operations reduces capacity and quality of services and if information for the real-time monitoring of transport cannot be broadcast effectively because transmission systems are not compatible;

- put in place incentive measures, among others, to promote a better use of the alternatives to road transport whenever that is justified;
encourage railway reform in order to make this mode genuinely competitive and to increase the profitability of investments through more intensive use of railway infrastructure;

base transport infrastructure investment on economic analyses, using tools such as cost-benefit analyses, multi-criteria analyses, etc. and take fully into account the impact of transport on economic and social development as well as ensure that infrastructure investments lead to a truly sustainable transport system;

ensure effective co-ordination so that transport infrastructure investment choices will be consistent with infrastructure operating conditions, in particular by focusing more on the maintenance and rehabilitation of existing infrastructure;

promote the development of uniform, relevant statistical databases so that investment projects can be monitored and evaluated accurately at the international level.

2. The need to review the corridor and PETRA (Pan-European Transport Area) concepts

There can be no doubt as to the relevance of the corridor concept used until now as a means of effectively focusing joint international action to promote transport infrastructure, but it could be improved significantly so that it can be adapted to the current situation. A process of reviewing existing corridors should be initiated rapidly in order to verify whether the definition of these corridors is still valid, modify and/or extend them, eliminate certain segments if need be, and add other major axes that have clearly become necessary with EU enlargement and the globalisation of trade. This review process should be based on the following principles:

a) The corridor concept should be maintained

- The corridor concept is a means of developing international co-operation in transport between neighbouring States in order to avoid wasting resources through the co-ordination between individual countries’ projects. States must work together on common solutions if they are to be able to provide consistent and continuous service standards for international transport in the region.

- It is an approach that makes it possible to give due emphasis to projects of international interest compared to national or regional projects.

- It is a tool that undoubtedly acts as a stimulus for projects and focuses efforts by providing an overall framework for projects. It contributes to the structuring of national transport plans and ensures consistency and continuity of international priorities.

- It is a tool that facilitates priority-setting when the available financial resources are limited, which makes decision-making processes easier.

- It is an approach that does not automatically give priority to new investments, but gives full scope to measures designed to upgrade and better utilise existing infrastructure.

- It is an approach that emphasises long distance transport and thus can give railways and maritime transport the means to exploit their competitiveness over such distances.
b) The corridor concept must be reviewed

The revised planning instrument to be implemented to facilitate the integration of the European Union with neighbouring regions must be developed by reinforcing some of the corridors that have already been approved. If needed, some should be eliminated and new corridors be created to suit the new situation. To this end, corridors must in the future:

- be concentrated primarily on the links between the enlarged European Union and its neighbouring countries. It is essential to connect well the European Union and its neighbours and to ensure spatial cohesion, facilitating travel along the corridors and access to them;
- be extended to links with the East and the Middle East, as well as with the Mediterranean Basin. In this regard, it is particularly important to take into account the foreseeable development of trade with Asia and especially China. Discussions held at the Euro-Asian Transport Conference in September 2003 in St. Petersburg should be considered and results integrated into the future work;
- meet the requirements for continuity of the “motorways of the sea” by creating new intermodal corridors, particularly to the Mediterranean Basin and the Black Sea.

c) Corridors must be defined on the basis of real needs and well-defined criteria

- While the concept is geostrategic in origin, the definition of the corridors themselves, in particular as regards quality parameters (and hence the necessary investment) must not be the outcome of purely political choices, but instead should have an economic rationale and reflect demand, i.e. the needs of the users.
- They must be based on real flows with accurate statistics and on sound forecasts. This will require making an in-depth analysis of the prospects for developing international trade.
- A wide range of criteria that will be used for defining corridors and their characteristics must be established and steps must be taken to harmonise evaluation procedures. The criteria proposed by the Van Miert Group for the revision of the Trans-European Transport network Guidelines provide a good basis for such an analysis.

d) Corridors must be seen in a multimodal perspective

- The objective is to improve the quality of transport, whichever transport mode or combination of modes proves most appropriate to achieve the objectives of efficiency and sustainability while avoiding unnecessary overlaps.
- In the same context, in order to promote intermodality, improvement of nodes seems essential, for this is where intermodal transfers – often far too expensive and too much time consuming – take place. The performance of these nodes (which should be as few as possible to induce concentration and economies of scale) is critical to achieve the high-volume flows that can strengthen the competitiveness of the rail, maritime and inland transport.
- Maritime transport must be incorporated into corridors and the concept of “motorways of the sea” should be extended beyond the European Union especially to the Pan-European transport areas. Maritime port services must be improved to facilitate the intermodal transition from maritime to land transport and vice versa. This is a major challenge for railways as higher volume flows are imperative for both rail and maritime transport.
Interoperability is a key condition for developing efficient alternatives to road transport, such as railways and combined transport and requires agreements on common standards for infrastructure, that are acceptable to all concerned, both at technical and administrative levels.

e) Corridors must be approached in a way that is consistent with local/regional projects and national networks

- There must be an improved balance between national, regional and international approaches. National and regional interests must be taken into account insofar as possible in defining corridors, but without detriment to the performance required to satisfy demand related to international traffic.

- The optimal use of these Corridors requires good local and regional connections, which should be incorporated in the planning process.

f) The corridor will give consistency to a complementary project selection.

Projects situated on corridors must be selected and duly prioritised in order to address at the same time the most pressing needs and scarce financing resources. Because of existing financial constraints, priority setting must become very selective. This means that priority projects outside the European Union must be identified while ensuring that they fit into a corridor approach. Practical mechanisms for optimising decision-making and for monitoring project progress and performance must be developed for this purpose. In this regard, an approach of the type being pursued in the EU’s Van Miert Group could be extremely useful for selecting the best projects outside the enlarged European Union.

g) The PETRA concept must be revised

The Pan-European Transport Areas defined at the Helsinki Conference have developed at different speeds. The Barents Sea PETRA has functioned reasonably well over the years and in the Mediterranean region, a regional transport planning exercise is underway. Both of these activities have received support from the EC. The “motorways of the sea” concept proposed by the Commission for the EU should be presented and discussed in connection with the PETRAs following the final adaptation of this concept by the Council and the European Parliament. The “motorways of the sea” could be considered either as parts of multimodal corridors that could be associated with inland corridors or from a PETRA planning perspective.

h) Corridors must be seen in a global perspective

In addition to infrastructure, steps must also be taken to address the following issues within corridors:

- Harmonisation of the rules governing transport along the corridors;

- Development of a common approach by all countries concerned regarding the role of railways, in particular by challenging the vested rights of historic operators;

- Consistency and harmonisation of the methods used to collect fees, tolls and other user charges, for example by implementing integrated, compatible road pricing systems;
Facilitation of border crossing by developing harmonised procedures for customs clearance (the real cost of current customs controls should be assessed accurately) and exchange of information by developing common data bases, taking advantage of the opportunities provided by new technologies.

3. More effective implementation

a) Evaluation of past experience

- An evaluation of experience with existing corridors is indispensable. It is necessary to understand why some corridors are functioning effectively while there are only a very limited number of initiatives on others. Concrete initiatives were often very small-scale because of a lack of sufficient commitment on the part of policymakers. Some of the other weaknesses that can be mentioned are the use of purely political rather than economic criteria for the definition of corridors and the selection of projects, poorly adapted management structures due to insufficient resources.

- Benchmarking should be used between the corridors in order to identify best practices and improve corridor management in the future.

b) A management structure for the corridors

In order to increase the effectiveness of the Corridor concept, stronger and more broad-based management of corridors must be promoted. The following approach can be recommended:

- Development of a new broader approach to corridors by involving all parties concerned, in particular IFIs, banks, carriers, etc in its definition Customs related, legal and administrative problems should also be addressed in order to facilitate transport along corridors;

- Production of adequate statistical data;

- Development of appropriate corridor planning tools fully integrated with national planning tools;

- Establishment of project appraisal and selection criteria that take properly into account the benefits of the corridor concept;

- The possible appointment of a co-ordinator (Chairman) for each corridor with a permanent secretariat who would ensure better co-operation and coordination between countries, co-ordinate management of project development and ensure coherence and continuity of transport services along the corridor.

- If it is accepted, development of adequate instruments enabling the co-ordinators to effectively fulfil their mandate. The creation of an international agency for corridors should be considered to ensure good co-ordination between different corridors and overall consistency in their development.
c) **Adequate expertise at the national level**

- Officials in national administrations involved with corridors must receive suitable training so that they will be able to:
  
  - transmit knowledge on transport planning in their countries and indicate adequate links for obtaining other relevant information;
  - set priorities and criteria of projects selection;
  - on the basis of the planning exercise, compile a portfolio of carefully studied projects in the corridor, as experience has shown that it is advisable to have a wide range of potential investments that can be presented rapidly to apply for external financing when the opportunity arises;
  - make an accurate analysis of possible financing and in particular PPPs relying as much as possible on national “PPP Task Forces”;
  - manage the projects selected.

- To provide this training and develop skills, technical assistance is indispensable.

- It is indispensable to ensure organisational continuity at the national level by maintaining specialised staff within the relevant government departments.

4. **Adequate financing**

The investments needed along corridors will only be made if the countries concerned allocate sufficient own resources or are able to raise sufficient external finance. With regards to international funding, the financing packages must meet at least the following requirements:

a) **Financing based on feasibility studies**

Only economically viable projects will have access to needed international financing. Proper planning, prioritisation and project definition resulting from a pre-feasibility study involving various alternatives should precede a comprehensive feasibility study incorporating an economic, social and environmental analysis. IFIs could play an important advisory role during the whole process.

b) **Appropriate financing**

Every project may require a specific financial structure, adequately blending funds from the national budgets, the EU assistance funds and the IFIs. For financing packages to be as effective as possible, there must be transparency and sound co-ordination between the various sources of financing and especially between the various IFIs involved which must clearly define their procedures and the rules applicable. The corridor coordinator could play an important role in this financial coordination.
c) Financing involving PPPs

If a rigorous, realistic approach to the way public and private funds may combine can be developed, PPPs can provide interesting prospects for corridors, but they must only be one financing option among others, and the choice of financing should be based on a pre-defined assessment system (based on benchmarking). Financing packages for PPPs are complex and if they are to be a success, require good quality projects as well as good governance in the countries concerned so that, among other essentials, continuity in their policy, administrative, and legal frameworks can be assured.

d) Sustainable financing

Whatever the contribution of the private sector and the IFIs, a very substantial part of financing will continue to be provided by national public funds. It is therefore important to stabilise the national sources of financing, notably against political changes or budgetary constraints. The possibility of establishing dedicated funds or some type of “off-budget” financing should be considered.

e) Financing linked to infrastructure use

Transport infrastructure should be financed at least in part, by dedicated tolls, charges or other user taxes. Corridors are also a useful concept for making it possible to adopt a minimum of common rules in the field of financing and pricing. Co-ordination and harmonization of pricing systems should be ensured in order to simplify payment operations.

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The strategy defined above should be implemented rapidly by taking the following steps:

− set up by the end of 2004 a working group under the aegis of the European Commission, which would be responsible for making proposals for making changes to and supplementing existing corridors which will have to be approved by Ministers of Transport. It would be desirable, in the spirit of the Crete and Helsinki Declarations, that this Group include the countries concerned, the ECMT, the UNECE and the EIB.

− launch a consultation on existing corridors in order to make an accurate assessment of their relevance and state of development;

− establish adequate statistical databases including both economic/demographic data and data on traffic. Better use of data already collected should make it possible to progress rapidly in this regard, but the development of border surveys, of the kind already carried out on transalpine routes, is an effective and relative inexpensive way of collecting the necessary data on international transport flows. Generalised use of Geographical Information Systems (GIS) would make it possible to assess rapidly the real situation on corridors;
− analyse traffic forecasts, economic data, the legal framework, interoperability, organisational aspects and the financial resources that can be made available;

− analyse how Corridors can draw experience from existing structures like Trans-European Networks, UNECE Networks (AGR, AGC, AGTC, AGN), TEM and TER projects, Europe-Asia corridors, networks for the Balkans and Mediterranean region and Pan-European Transport Areas (PETRAS);

− determine management and monitoring methods for the corridors by studying the feasibility of introducing a co-ordinator function and analysing the mechanisms for involving countries and international institutions in management;

− evaluate the resources that can be made available at the national and international level and estimate the potential contribution from users.

On the basis of the information collected, it would then be possible to begin a process aimed at updating corridors (or possibly PETRAs if this concept is maintained) and priority projects for non-EU Member countries within different corridors using an approach similar to that used by the Van Miert Group in the European Union, with special emphasis on the need to promote an appropriate modal split that will ensure sustainable development of transport.