TRANSPORT INFRASTRUCTURE DEVELOPMENT FOR A WIDER EUROPE

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CONTRIBUTION

“TRANSPORT INFRASTRUCTURE, A CONCRETE NEED”

BY THE
IRU
The IRU represents operators engaging in the transportation of goods and passengers by road. It considers mobility to be a critical success factor for European citizens to share freedom, peace and welfare through international integration and economic development.

Post WW II - Europe has experienced two models for developing society. One has proven to be sustainable, the other not. The successful one was based on the individual and individual choices, the other on collectivism.

Transport infrastructure is a backbone of society. The critical importance of transport infrastructure for holding a territory together has been realized by Emperors of all times. Towns and industry locations used to develop where infrastructure existed. Infrastructure planning today determines where people will find additional places to live and to work.

European integration is a process. Pan-European approaches are the next step in a development that commenced at much smaller geographical scales and that went through the stages of towns, counties, countries, and regional international integration. Transport infrastructure will play a decisive role in this process.

Integration means adaptation. Removing frontiers makes people move to wealthy regions and industry go to places where production costs less. The bigger the difference, the stronger the change and the bigger, in the end, the gains for society as a whole. Infrastructure can and must help to realize these gains without undue time losses.

Transport infrastructure will succeed best if it suits the successful concept of individual choices, if it is cost-effective, if it can adapt to changing geographical pattern in transport demand and if it can bring technological progress to bear, thus to ensure the sustainability of the transport system both from the economic and from the environmental and safety angle.

Transport infrastructure decisions now will determine important developments in society at large in the next 50 to 100 years. They should take account of recorded and expected progress in dealing with problems caused by transport today. Zero-emission vehicles will be reality within decades and so will pricing mechanisms to match infrastructure supply and user demand whilst road safety will continue to improve.

The IRU is not surprised to observe that infrastructure investment decisions at national and regional level are more road infrastructure-oriented than the infrastructure investment recommendations that the highest international political levels tend to come to. Nor is it puzzled by finding that more road investment projects pass the criteria of international financial institutions than investment projects for other modes of transport.

The IRU feels need to observe that mobility, whether for private or for business purposes, will preponderantly remain a matter of short distances. At a consequence, it must be accepted that the “Wider Europe” perspective is just one out of many on the minds of authorities in charge of infrastructure development. Considerable percentages of international funding for this “Wider Europe infrastructure” impacts on priorities.
This should not, in the IRU view, lead to prestigious projects absorbing scarce national funds that on the basis of cost/benefit or return on investment calculations would better be spent on other transport infrastructure. Instead, where and when the European dimension requires particular infrastructure, European funds should cover them, in principle. When finance must be provided with the proposal to build certain infrastructure better checks and balances than at present will prevail in selecting and prioritizing new infrastructure, and to match local, regional, national and international needs.

Transport infrastructure investment policy must strike a difficult balance between guiding future transport activities and following emerging developments in demand for mobility. On many occasions, the IRU has argued that transport policy cannot be developed in isolation. Transport is first of all a service to society at large. It should accommodate, not determine, the organisation of society and of the life of citizens. This holds in respect of transport infrastructure investment policy as much as in respect of other transport policy issues.

At the same time, however, transport policy must timely initiate measures that keep transport performing efficiently while achieving sustainability. The IRU considers that future-oriented policy must aim at a bigger role for certain other modes of transport. It should also recognize, however, that infrastructure is an indispensable requirement for achieving this but not in itself sufficient.

Equally important, with regard to infrastructure, is the availability of intermodal transfer facilities. And if no measures are taken to improve the commercial performance of certain modes, infrastructure investment therein just means the tying up of tax payers' money for many more decades, and road users paying, in time and increasingly in monetary terms, for scarcity that could have been avoided.

In view of the expected increase in demand for mobility, and considering that all modes of transport have or can have areas of excellence where they meet demand better than other modes, the IRU favours transport infrastructure investment policies without political prejudgement, in search of cost-efficient infrastructure the priority of which depends on a wider cost-benefit analysis.

Investment decisions should take the efficiency of the transport operations by the respective modes of transport into account, and investment funding could be made dependent on the implementation of measures that would improve efficiency, like for instance true competition in railway transport.

Regarding the financing of transport infrastructure investment the IRU considers that harmonization at (pan-) European level not to be a priority. National systems at present are different in respect of philosophy, instruments and the relative importance of instruments. Separating transport infrastructure expenditure with the infrastructure use related income from state (or regional, local, etc.) budgets has advantages from a transport policy angle and could promote the efficient use of infrastructure. In a wider perspective, considering that other public expenditure must be financed also and that fiscal charges are easier to implement, generally speaking, on scarce goods and services than others, no particular priority needs to be given to harmonizing transport infrastructure financing methods.

There is need for harmonization, however, in the field of individual instruments for charging for infrastructure use. The recent EU Commission Proposal on infrastructure user charging of heavy goods vehicles addresses an area where the need for harmonization is urgent indeed. The IRU's position on this proposal (attached) recognizes the value of a common approach, even if the IRU cannot accept a number of detail aspects in this proposal.
Financing infrastructure, road infrastructure in particular, by means of special funds (surcharge on fuel excise duty, etc.) or user charging (tolls) have proven to be effective means to build infrastructure, and in particular high quality road infrastructure, in a number of countries. Because of this positive record, the IRU puts more trust in such financing methods, provided guarantees against abuse are included in the relevant legislation and contracts, than in private risk capital for whole or part of the infrastructure investment.

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I. INTRODUCTION


According to this Proposal:

- Time-related charging of heavy goods vehicles for using trans-European motorways and other main road arteries will be replaced by distance-dependent charging
- In addition to the cost of building and maintaining roads, the un-covered cost of road accidents may be charged
- Vehicles concerned are goods vehicles with a GVW of 3.5 tonnes or more (12 tonnes in the 1999 Directive)
- Further differentiations of rates would be allowed depending on vehicle specification, emissions, location, type of infrastructure, time of day, level of congestion
- A higher charge may apply in particularly sensitive areas, notably mountain regions
- Member States may compensate for infrastructure charges, for example by reducing vehicle tax rate
- Revenue would be earmarked for developing the transport sector and promoting the balanced development of transport networks
- Member States are not obliged to introduce road user charging of heavy goods vehicles but must comply with the Directive if they do. They are free to charge for the use of other road infrastructure and/or to charge other road users also.
- Independent infrastructure supervision authorities must be created in each Member State.
II. IRU POSITION

1. Bearing in mind national initiatives in the field of distance-related road user charging and the disadvantages for the road haulage industry, the IRU welcomes, in principle, a common framework for charging heavy goods vehicles in EU Member States. This will promote the harmonisation of road-specific taxes and charges and thus enhance the internal road transport market.

2. The IRU sees need to point out, however, that fair competition in the EU goods transport market depends on other modes of transport being equally subject to infrastructure charging.

3. The IRU supports the Commission in arguing that road user charging should not mean an increase in the total fiscal burden on goods transport by road. Considering, however, that the proposed measures allow Member States to introduce road user charges on top of existing taxes, charges and excise duty, the road transport sector is concerned that higher costs will result in most Member States and that fierce competition will force many operators out of business before these higher costs are reflected in freight rates. The IRU therefore urges that compensation be compulsory if Member States introduce infrastructure user charging or at least that provisions be made in the proposed Directive to effectively pass on costs to the whole of the economy.

4. The IRU favours that uncovered road accident costs are not included in the charge. Firstly, because the part in these costs relating to accident causation by heavy goods vehicles has not been scientifically established, and secondly, because the infrastructure user charge is an inappropriate instrument for promoting road safety. Instead, a more incentive-oriented system based on more differentiated insurance premiums and applicable to all road users should be envisaged.

5. The IRU welcomes that revenue from charging goods vehicles for the use of infrastructure is earmarked for improving the goods transport industry and transport infrastructure. Recalling and opposing that some national systems openly aim to take money from road transport to develop rail infrastructure, the IRU urges that revenue is used in particular to make road transport more efficient and safe. This could include indirect measures such as the promotion of intermodal transport and related infrastructure. Cross-financing without benefiting the road transport sector should not happen, however.

6. The IRU considers that goods transport operators should not pay for congestion twice, i.e. by costs incurred through time losses on the one hand and by a congestion charge as part of a road user charging scheme on the other. Therefore, the IRU does not accept congestion charges.

If despite this strong recommendation congestion charging was to be considered further

- the IRU notes that for the purpose of congestion charging of heavy goods vehicles only the definition of congestion and minimum levels of heavy goods vehicle share of total road use would need to be agreed, which is not possible at present;
• the IRU urges that in any case congestion surcharges must be known to operators in advance: commercial engagements in road transport without knowing the amount finally due would be unworkable for operators and users alike;

• the unrestricted use of motorways should be guaranteed to goods transport operators, enabling them to use roads when they are not congested. When lorry bans are applied, the congestion charge is an inevitable extra burden that should not be introduced.

7. The IRU is concerned that increased charges for roads in environmentally “sensitive areas” will constitute a serious impediment on commercial relations between parts of the European Union. Furthermore, there are serious risks that the notion of “sensitive areas” will be interpreted differently by Member States and that local environmental concerns will lead to additional charges in many regions in the 25 – later 27 – Member countries. While accepting the political realities of today, the IRU urges that strict and uniform limits and conditions be applied to this surcharge.

8. The IRU sees the advantages of setting up of independent infrastructure supervision authorities, depending on the remit of such bodies. They should be made responsible for the construction and maintenance of adequate and safe road infrastructure, be in charge of using road user charging revenues for those purposes and be instrumental in organising public-private partnerships. The IRU is concerned, however, that it will be difficult to ensure the independence of such organisations in many Member States.

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