

EC Green Paper on Trans-European Transport Networks

INE opinion: "Re-thinking European transportation infrastructure"

30 April 2009

Infrastructure as a robust carrier for change

Radical changes are unfolding right now. The economic transition and global warming will challenge the competitiveness and the sustainability of our society in the long run. It is not news that Europe needs innovation to sustain a strong economy that aligns people, planet and profit, but innovation cannot thrive and multiply without infrastructure. The Union therefore needs to develop a clear purpose and planning strategy on how to design a successful long-term infrastructure carrier for system and technological innovation deployment that gives new energy to Europe's economy in a sustainable way.

Despite modest attempts at change, the TEN-T strategy today, on the one hand reflects a transport vision of 30 years ago (modal development, prestige projects and traditional vehicles and energy consumption) and on the other hand reflects a financial gap between investment aspirations and capital attracted. A "business as usual" modal transportation strategy will not only miss the incentives for more investment from a wider range of partners but will also miss the major challenges we are facing today to give the European economy a new strong basis. It is obvious there should be a stronger link between infrastructure development on the one hand and the strategic demands of a strong and free-flowing economy (which is not the same thing as short term business demands) and the EU's overall strategic transportation policy objectives on the other.

For the Union and governments it is imperative to go in their policy direction and framework beyond the purely business or modal oriented approach, because the internal and external costs of transportation are ultimately passed on to the consumers, ie the tax payers. That is why public authorities have to shape a long-term vision on infrastructure, so it can service a competitive economy in a societally responsible manner. This means looking forward how major challenges like globalisation, global warming, mobility, energy resources etc. can be addressed by designing and adapting infrastructure as an optimal carrier for regional development and the deployment and multiplication of desirable innovative distribution patterns to sustain a green and competitive economy. The instruments must follow these objectives.

Creating incentives for regional and inter-regional development

Thanks to the spare capacity, we see huge opportunities to effectively integrate inland waterways with a limited amount of resources from taxpayers' money into co-modal supply chains yielding significant societal return (mobility, energy use, carbon footprint, pollution and safety). This is part of a strategy relying on a double layer:

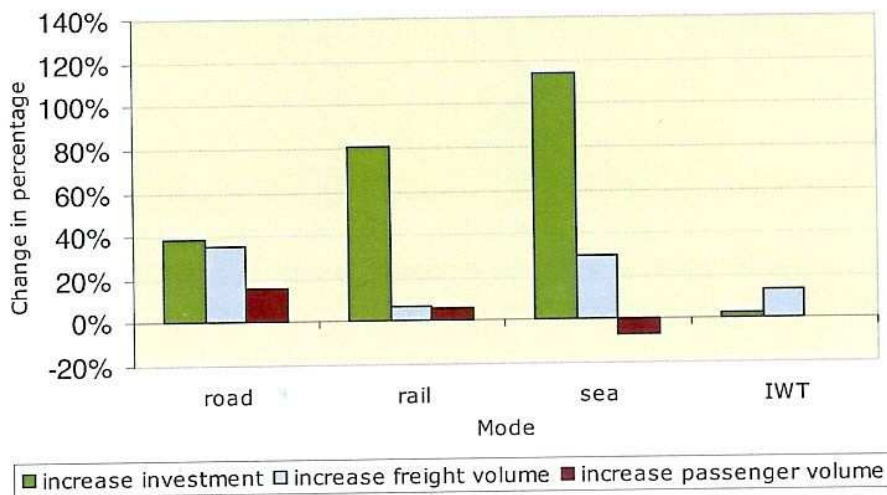
- The first layer of strategy is to link transport modalities and nodes into an effective co-modal network for better movement of goods and people in a societally responsible manner (mobility, energy use, carbon footprint, pollution and safety). Transport is a means to a competitive, sustainable and free-flowing economy, not an end in itself.
- The second layer of strategy is to integrate the trans-European networks (energy, information and transport) as well as other fields where synergies can generate win-wins. A smart vision on co-modal transport infrastructure can act as a multiplier for regional and inter-regional development, since swift effective accessibility, mobility and communication are the cornerstones of prosperous and competitive societies.



For waterways, the Seine-Scheldt project and the East-of Vienna project have been frontrunners in showing how an integrated approach to logistics, energy, tourism, leisure, regional development, environment, water supply and protection is perfectly possible, stimulating coordinated planning and yielding wider economic benefits. Even more extraordinary is that these integrated waterway projects are not more expensive than ordinary transport projects, in fact, quite the contrary.

We believe that such a multi-disciplinary approach should be the paradigm for future network infrastructure development in Europe as it triggers more opportunities for European and regional economies, enables a better coordination of funding and delivers more public and private return. More stakeholders will benefit and may even develop relationships from which other business might evolve. These are important factors to attract the necessary public and private capital for investment.

Comparison growth investment with freight and passenger volume 1995-2004



Source: EU energy and transport in figures, Statistical Pocketbook 2007/2008, page 110, 120 and International Transport Forum data for investment figures

Smart management of capacity in urban areas with new logistics concepts

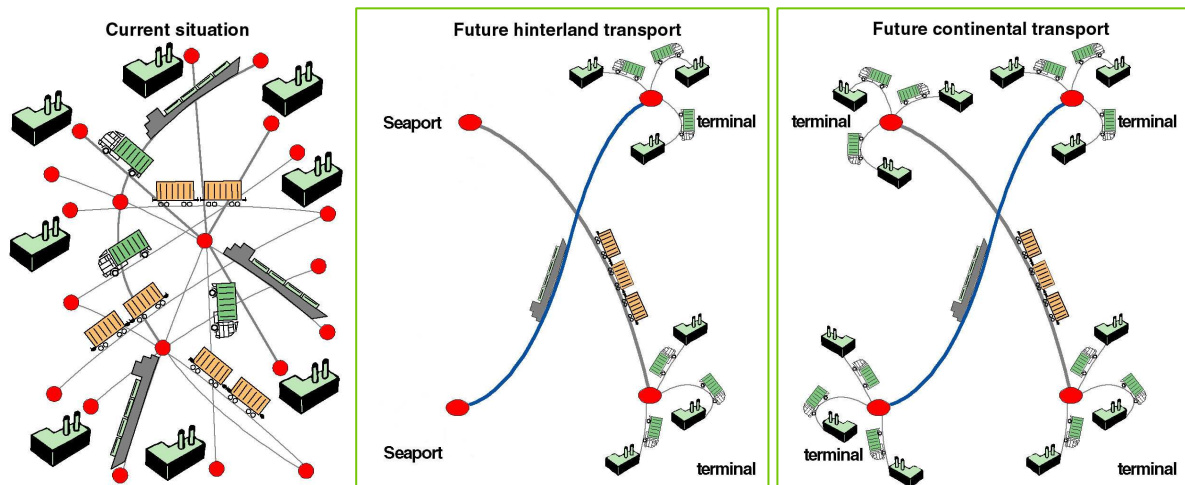
The current priority projects are too modally oriented and part of the old transport policy. A network approach can enable us to build upon demand across the modes while taking other criteria such as sustainability and innovation deployment into account.

The urban dimension should not be too easily dismissed or looked at in isolation. With more than 70% of EU citizens living in cities and negative externalities from transport getting worse, it is crucial to connect inter-regional networks with urban networks via interchange transport hubs. Rather than building brand new infrastructure in areas where there is no space, it makes more sense to take away bottlenecks that hamper the development of integrated transportation systems and to optimise and share existing capacity at a lower cost. For example, a lot of cities are served by waterways which can carry consolidated freight flows into inland ports from where clean vehicles can transport them to the last mile. This means innovative logistics organisation concepts can be



strongly encouraged (or killed) by infrastructure policy enabling cutting costs and greenhouse gases.

INE also recommends that besides capacity optimisation, minimum service levels must be developed for the management and exploitation of infrastructure.



Nodes are key bundle co-modal and sustainable freight flows

It may be necessary to separate passengers and freight traffic in nodal points according to each specific case, but it is always important to focus on citizens' acceptance with regard to freight projects. Nowadays, residents in port cities and along waterways often feel that they carry an unfair environmental burden. They respond by placing increasing political and environmental pressure on local and regional authorities to slow down or restrict the increase in port and waterway traffic in spite of the positive role it plays in their local economy.

For instance, thanks to the port of Brussels, 700,000 truck movements are annually avoided and EUR27.5 million external costs, while providing 12,000 local jobs. Permanently handing over key strategic sites to leisure and residential property development may undermine the creation of future co-modal networks and lead to more environmental headaches as citizens are also consumers, relying on the seamless provision of goods for housing and living. The port of Paris leads the way in elaborating and-and projects rather than or-or projects which enables recreation and freight projects on the waterfront to go hand in hand with innovative and attractive architecture. This again shows that multi-disciplinary projects have a better future for success.

Ports, both inland and sea, are vibrant nodes for integrated transportation and logistics solutions. Optimising transshipment nodes and their connections to individual transport modes will decide if the new freight sharing concepts advocated by the Global Commerce Initiative will materialise. The sharing of transportation, warehousing and information to cut costs and take down negative externalities effectively depends on a vision of the roles of nodes in the network and the interconnection of intelligent transport systems across modes.

By effectively integrating smaller seaports and inland ports into the network, major congested ports can be relieved and the external effects reduced. But even internal optimisation measures in the seaports of Antwerp and Rotterdam, which represent 70% of EU trade and have the highest share of waterway transport in their hinterland traffic, would already help to ship more goods inland because there is still spare capacity on the waterways of the Rhine-Scheldt delta.

Therefore, it is of paramount importance that investment infrastructure decisions are



linked to the deployment potential and capacity of sustainable transportation (green corridors).

ITS to go co-modal

The same co-modal philosophy explicated above has to be taken with regards to intelligent systems such as river information services (RIS). Today several single modal intelligent traffic and transport systems are created and deployed but they do not yet talk to each other or do not plan to talk to each other. Integration of modal transport systems through flexible interfaces/nodes should apply both to physical and intelligence infrastructure. From an internal market perspective, it is of paramount importance to create interfaces so that intelligent transport systems like river information services (RIS) can operate swiftly across modes. Compatible cross-modal intelligent transport systems will boost multi-modal transport since they can simplify administrative procedures and raise the service level of the infrastructure. Real-time and forecasted information also provides more visibility in the transportation process. This enables logistics planners to optimise, to plan better, to go paperless, to consolidate freight flows by sharing which can result in shared warehousing and transportation for the bundling of flows enabling them to cut costs, to reduce empty hauls and negative externalities. Information gives reliability and visibility for better planning.

Infrastructure driving positive externalities

INE acknowledges that climate change is a crucial driver in the development of a possible priority network. If industry is asked to radically reduce its carbon footprint, transport should follow for the sake of consistency. However, INE advocates that all negative externalities are taken into account: air quality and safety have a major impact on the already increasing health budget and congestion seriously affects the economy. INE recommends that the Union seizes the opportunity when defining the priority network to shift from modal priority projects to cross-modal green corridors which enable users to create integrated and co-modal supply chain solutions. This makes more sense and will create a better movement of goods in the internal market than fragmented modal projects. Such cross-modal green corridors will only become a success if they are free-flowing and tap the potential of integrating solutions in transport and beyond.

An expanded role for the coordinators to create a network of green corridors

We therefore see in this respect an enlarged role for the European coordinators:

- to take a cross-modal role to enhance integrated supply chains
- to enhance free-flowing corridors by taking stock of the priority bottlenecks (including administrative and regulatory) which pose most burdens on businesses and taking them away in coordination with involved authorities to create exemplary corridors; this will serve as best practices and incentives for other bottleneck plagued projects.
- to integrate cross-modal corridors where possible with energy and information networks, as well as others fields where synergies can generate win-wins; such a multi-disciplinary approach triggers more opportunities for both European and regional economies, enables a better coordination of funding and delivers more public and private return, since more stakeholders will benefit and even provide relationships from which other business might evolve.

The coordinators are well placed to take such co-modal and integrated green corridors forward as backbones for regional development.

Extending the support for public and private funds by developing win-win



infrastructure

Underinvestment is the Achilles' heel in today's funding of transportation infrastructure. Member States still have to provide the majority of the resources. There is a question that should be asked urgently. Why is it so difficult to raise money for transportation projects and how can we close the financing gap?

We believe that a regional development perspective and a multi-disciplinary approach should be the paradigm for future network infrastructure development in Europe as it triggers more opportunities for both European and regional economies, enables a better coordination of funding and delivers more public and private return, since more stakeholders will benefit and even provide relationships from which other businesses might evolve.

These are important factors to facilitate attracting the necessary public and private for investment. Investment cases with win-win visions and with clear returns for a wider range of public and private investors in other areas than transport have shown that attracting capital is also a matter of facilitating cross-cutting knowledge, cooperation and decision-making.

In INE's view, there are some routes to address the funding headache:

- to map the added value of prioritising interconnective solutions (hubs and their connections, covering equally the interconnection of modal intelligent transport systems) which are cheaper than creating brand new infrastructures.
- to link infrastructure investment decisions to a better deployment of sustainable transportation, increasing the efficiency rate of investments and reducing negative externalities.
- transport projects and corridors should become more than just transport projects. Providing synergies with other policies is likely to create more buy-in from Member States as it offers wider public goods and is more cost-effective. Such integrated projects could be financed by a combination of EU resources (including EU regional funds) taking the costs down;
- Such multi-disciplinary projects are also likely to create more private buy-in thanks to spill-over effects.

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