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Transport infrastructure: The Connecting Europe Facility and the Trans-European Transport Network

KEY MESSAGES

1. A well-functioning and EU-wide transport infrastructure network is important to connect European regions and for the proper functioning of the EU's internal market. To this end the timely completion of the Trans-European Transport Network (TEN-T) is vital for Europe's transport infrastructure network to cope with the expected increase in demand for transport services over the coming decades.
2. The renewal for the Connecting Europe Facility (CEF) beyond 2020 for the period 2021-2027 is therefore most welcome. However, considering the estimated heavy financial needs for achieving its objectives the budget allocated to transport infrastructure should be more ambitious.
3. Public-private partnerships should play an increasingly important role in this regard as they can enable a faster and more flexible delivery of transport projects. Furthermore, emphasis of the CEF beyond 2020 should remain on projects with highest EU added value such as cross-border connections, missing links, and bottlenecks.
4. The Commission's initiative to streamline national procedures for implementing projects of common interest on the *core* network of the TEN-T will reduce delays encountered during the implementation of TEN-T infrastructure projects. Public funds will more effectively reach the market and the participation of private investment will be facilitated.

1. INTRODUCTION

In its 2017 report "Delivering TEN-T: Facts and figures", the European Commission yet again acknowledges the importance of the transport sector as the one accounting for more than 9% of the EU gross added value. It also estimates the financing needs which between 2016-2030 reach about €750 bn for completion of the EU's *core* network. For this purpose, the EU-28's needs between 2021-2030 are estimated at € 500 bn, whereas together with the TEN-T *comprehensive* network and related transport investments at about €1.5 trillion. It is still premature to assess all the results of the reshaped financing instruments of the 2014-2020 financial perspective in this regard, including CEF with its pillar for transport. However according to the Commission's mid-term CEF evaluation report of 2018, CEF is seen as an effective and targeted instrument.



However, targeted and substantive financial flows can only be effective if they reach the market fast through a clear, simple and transparent regulatory and administrative framework. The Commission acknowledges that complexity and length of permit, authorisation and procurement contract granting cause problems in accomplishing TEN-T projects, inter alia being a set-back for private capital participation. At the same time, the CEF proposal under the new Multi-annual Financial Framework (MFF) 2021-2027 reduces commitments under CEF-Transport by 8% for the EU-27 (excl. UK), compared to the MFF 2014-2020 as calculated in real (inflation-adjusted) terms. The upcoming 2018 Transport and Mobility Landscape Review by the European Court of Auditors is expected to additionally contribute to identification of bottlenecks in the transport infrastructure policy and financing.

Transport is one of the main enablers of economic growth and prosperity. EU-wide multimodal transport infrastructure is needed for the EU's overall competitiveness and the proper functioning of the internal market. A well-performing transport network requires substantial resources, and with the demand for transport expected to increase over the coming decades the need to invest in the development of new and smart infrastructure and the renewal of deteriorating existing infrastructure is only becoming stronger for all modes of transport.

Therefore, BusinessEurope supports a proposal to simplify TEN-T procedures, facilitate access to financing and further incentivise private participation. We speak in favour of a better alignment of commitments under the CEF transport pillar with this regulatory and administrative simplification initiative in order to ensure sufficient and timely investment in future and existing infrastructure.

2. CONNECTING EUROPE FACILITY: TRANSPORT PILLAR

BusinessEurope holds that the completion of the TEN-T network on time is an absolute priority: the core network should be finalised by 2030 and the comprehensive network by 2050. Once complete, the network will connect European regions, remove bottlenecks, streamline cross-border transport, improve the connections between different transport modes, and contribute to the EU's climate objectives. To cope with the increasing demand for transport services, it is also important to ensure the renewal of existing parts of the TEN-T that have deteriorated.

We therefore strongly support the European Commission's proposal to renew the Connecting Europe Facility (CEF II) beyond 2020 under the new MFF framework. While the CEF II by itself is not the only solution to Europe's transport investment challenge, its renewal marks an important step towards reaching our future infrastructure needs.

We are, however, concerned that the budget dedicated to transport infrastructure has been reduced by 8% compared to the current CEF programme in terms of real value (i.e. adjusted to inflation). Considering the significant investment needs the Commission should rather aim to increase funds for the development of multimodal transport infrastructure. It is furthermore vital that emphasis of the CEF II remains on projects with the highest EU added value such as cross-border connections, missing



links, and bottlenecks. Large-scale projects with a major EU-wide impact (such as ERTMS for railway infrastructure and SESAR for air traffic management systems) should also remain central under the CEF II. To achieve a high performing, sustainable and interconnected transport network, sufficient public-private funding for innovative solutions is required.

BusinessEurope continues to encourage the combined use of public and private funds in public-private partnerships (PPPs). PPPs can mobilise more financial resources, introduce more efficiency, balance risks, and enable a faster and more flexible delivery of transport infrastructure projects. We therefore support the availability of 'blending' as an implementation form under Article 6(2) and the inclusion of 'catalytic effect of Union financial assistance on investment' as an award criterion under Article 13(1)(g). More generally, we highlight that private financing can sometimes be problematic as the industry's running period for its financing may differ from the deadlines set out in EU funding programmes.

BusinessEurope reaffirms the importance of investing in environmentally sustainable mobility and infrastructure, and therefore supports the strong commitment under CEF II to contribute towards achieving the EU's environmental goals. Consideration of "the long-term decarbonisation commitments" as a general objective of the CEF II under Article 3(1) is therefore welcome. Different examples exist of projects and technologies which contribute to achieving this goal. However, we consider that cross-border cooperation in the field of 'renewable energy' is too narrow to be included as a general objective of CEF II. Considering this objective is also mentioned separately as an energy-specific objective under Article 3(2)(b) we deem it suitable to remove cross-border cooperation in the field of renewable energy from the general objectives under Article 3(1) and to maintain it as an energy-specific objective. These cross-border projects should remain subject to the procedures laid down in Part IV of the Annex, as set out under Article 7(1), and should not as a result become subject to the more burdensome procedures for projects of common interest.

The indicators for measuring the extent to which the transport objectives of the CEF have been achieved in Part I of the Annex are not targeted enough. They should not just be based on the 'number of actions supported' as suggested, but on their cost-efficiency and actual effectiveness in achieving their goals. This way Member States will direct funds towards projects which more effectively contribute to achieving the objectives of CEF II.

Encouraging projects with synergies between the three sectors will improve the effectiveness of EU financing towards achieving the CEF II objectives and is therefore a welcome initiative. However, it needs to be specified that where projects are financed with budget contributions from different sectors, the financing ratio should be proportionate to the anticipated effect in each respective sector. If not, the budget allocation as set out under Article 4 could be distorted over time. In addition, permitting ancillary elements to constitute up to 20% of the total eligible costs is excessive and could reduce the effectiveness of the CEF II in achieving its objectives.



Finally, BusinessEurope urges the co-legislators to ensure a rapid decision-making procedure in order to guarantee a seamless transition from the current CEF programme to CEF II to ensure the continuity of all funding programmes.

3. STREAMLINING TEN-T PROCEDURES

Besides the financing needed for the completion of the TEN-T network, BusinessEurope also stresses the importance of efficient and transparent national procedures to facilitate the smooth implementation of TEN-T projects. Faster, easier, and more transparent authorisation procedures will not only facilitate the implementation of public funds but also encourage the much-needed participation of private investment in TEN-T. The process for application is often costly and time-consuming for applicants, which can drive away potential beneficiaries. Commitment at the national level is of vital importance. **In this light we welcome the Commission's initiative to streamline and coordinate national administrative procedures for projects of common interest on the core network of the TEN-T and the establishment of a single competent authority**, that shall not constitute another layer on top of the existing authorities.

Lack of solid deadlines and administrative inefficiencies in many instances lead to lengthy processes and subsequent delays which stand in the way of completing the TEN-T network in a timely manner. **We therefore welcome the requirement to integrate all administrative procedures into a single comprehensive decision as proposed in Article 4; the requirement to appoint a single competent permit granting authority in charge of all aspects of the permit granting process under Article 5; and the establishment of a benchmark for the duration of national permit granting procedures under Article 6.** The latter ensures a good balance between the need to speed up the procedure without being too prescriptive for each step and therefore leaves sufficient flexibility to the Member States.

BusinessEurope furthermore supports the intention behind granting projects of common interest on the core network a 'priority status' under national procedures. We are sceptical, however, that such a requirement as provided in the Commission's proposal will be effective in practice, as granting of priority status may in some Member States ultimately be a political decision, or priority status may not exist at all within the national administrative framework.

Finally, BusinessEurope wishes to stress the importance of including environmental impact assessments and national procedures for land expropriation in the scope of the Regulation and possibly extend it also to the procurement process. These procedures can cause great difficulties when authorising TEN-T projects leading to significant delays.

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