

Trans-European Networks

Support letter (2 December 2004)

The development of the Trans European Network is an important tool to achieve the objectives of sustainable development in the European Union, which have been well formulated in the Lisbon Agenda. However, already the Delors White Book of 1993 and even the recent report of the van Miert High Level Group have shown that the financing of TEN and in particular of the new priority projects is a critical issue.

The Infrastructures Commission of ELEC, having discussed this subject for several years, very much appreciates the European Commission's efforts to support the planning, the identification of priorities and the implementation of TEN through political initiatives, coordination and financial assistance. We fully agree with the conclusions of the van Miert report that there is a substantial gap between the financial needs and the possibilities for public funding. Therefore new and additional ways of financing have to be found, in particular with EU Guarantee systems in support of PPP schemes and further new methods of financing like the emission trading systems within the Kyoto Protocol.

Following the European Growth initiative approved by the European Council in December 2003, the Statistical Office of the European Communities (Eurostat) has issued a decision on the treatment of Public Private Partnerships, thus setting the framework for such financing.

We understand that the van Miert Group has asked the EIB to develop a concept, similar to the existing EU Guarantee instrument of the EIF for funding SME projects in the EU. But even if such an EU Guarantee became available for TEN projects, it would not be able to fill the whole gap mentioned above. Therefore ELEC has examined the PPP alternatives in more detail. We believe that the attraction of private money could make an important contribution to filling this gap. Indeed, PPP schemes have been successfully used both in the Far East and the UK. In other EU countries like in Germany, however, there is an apparent reluctance to using this instrument, sometimes caused by legal obstacles.

Despite the fact that a number of PPP models exist, a practicable, well structured and widely accepted set of procedures and guidelines leading to a successful PPP project are not yet known in continental Europe. The key obstacles seem to be cultural and legislative and include some resistance to innovation in national ministries. Discussions with our ELEC members have shown that some civil servants are simply afraid of PPP because in many European countries (the UK being an exception) there are suspicions of malpractice whenever the private sector becomes closely involved in the management of a public project. Consumers and trade unions sometimes share these fears. Public opinion is quite often not in favour of PPP solutions.

ELEC is convinced that a set of clear guidelines for European governments together with a group of well structured PPP regional and national infrastructure schemes with a clear allocation of risks between the partners involved, in various EU member states and accession countries, could substantially underpin the financing of the TEN priority projects, which is urgently needed, as well as of other transport infrastructure projects.

We therefore ask the European Commission and decision makers at all levels in the EU to promote the establishment of a working group with the task of initiating and coordinating the development of a set of clear guidelines and the development of a group of pilot PPP schemes in various EU and accession countries. This initiative would create the necessary

momentum for the development of the Trans European Networks by optimizing the input of private sector finance and expertise through the PPP model, gradually accepted and implemented in all EU countries. ELEC is ready to play an active role in these efforts.

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sent to:

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- * Mrs. Danuta HÜBNER, Member of the European Commission*
- * Mr. Graham MEADOWS, Director General, European Commission DG REGIO*
- * Mr. Paolo COSTA, MEP, Chairman of the Committee Transport and Tourism*
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