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Transport remains roadblock for the EU

By Graham Bowley International Herald Tribune
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BRUSSELS What is the point of economic and political union in Europe if it takes days to cross the continent?

Over the past 10 years, the European Commission tried to address this question with a series of big pan-European transport projects. Their vision yielded the impressive 7.5 kilometer, or 4.6 mile, Orisund road and rail bridge linking Denmark and Sweden, a high-speed rail system within Spain and whole new highway networks in Greece and Portugal.

Alongside Europe's single currency, which put euro notes and coins in people's pockets, and the pages of laws that regulate trade in Europe's internal markets, these were examples of ambitious ideas hatched in Brussels that actually brought tangible change to millions of Europeans.

But other ambitious transportation visions - a high-speed rail link all the way from Berlin to Naples, for example, or plans to link the transit systems of the 10 newest members much more closely to western Europe - seem destined to remain just that.

The European Commission, in budget negotiations that started in earnest this weekend, is asking member governments to more than triple the transport budget to €20 billion, or $25 billion, for the seven year period of 2007-13. But the older, richer members are getting more and more reluctant to pay, making transport one of the most vulnerable areas in negotiations due to be completed by mid-June.

"We are trying to push from an inter- national perspective," said a senior transport official who helps run the Trans-European Networks group in the European Commission in Brussels. "We are trying to put the ends together and make it a European network with corridors across borders."

But the official, who the commission insisted should remain anonymous because of commission guidelines, conceded: "Countries have national priorities. France is centered on Paris and there are very few links on the borders. This is true also for Germany."

One of Brussels' justifications for its projects is economic. Supporters of a unified system note that Europe's currently fragmented transportation system results in efficiencies that cost Europe billions of euros each year in wasted gross domestic product. For example, freight trains currently have to stop at most borders to change drivers and go through customs.

This puts Europe at a marked disadvantage to nations like the United States that offer more seamless transport.

The other justification is environmental. Most of the projects involve rail transport, and shifting high-polluting road and air traffic onto rail lines or sea routes would cut pollution.

According to the commission, cross-border road traffic within the EU is set to double by 2020 . "Since road traffic contributes a third of all Kyoto CO2 emissions, "there is an overriding sustainability question," the commission said.

Armed with these justifications, the commission, in 1996, launched plans for 14 priority projects. It added an additional 16 in 2003, partly in anticipation of the EU's enlargement to include 10 new nations, mainly from central and eastern Europe, a year later.

One project the commission supported was the high-speed rail network in north-west Europe that, when finished, will include Paris, Brussels, Cologne, Amsterdam and London.

It includes the Thalys service between Paris and Brussels, and Eurostar, linking Paris and Brussels with London.

Some projects, however, have stalled, or are dogged by the incompatibilities of national transport systems and technologies.

The biggest problem, though, has been financial. Although the commission gives help in initial planning and coordination, it contributes only a maximum of 10 per cent of the final construction costs. The rest of the finance comes from public money from national capitals or from private investors.

However, amid slowing economic growth and under pressure to rein in spending, governments have become reluctant to fund the projects. Private investors, too, have been put off by the unpredictable returns.

"There has been waste," says Bent Flyvbjerg, professor of planning at Aalborg University in Denmark, and author of a book on megaprojects. "These projects tend to have much higher costs than anticipated and lower revenues."

The commission is now asking member states to increase the transport budget from €4.5 billion in 2000-2006 to €20 billion for 2007-13.

This is part of the commission's pro- posal for EU states to finance a big increase in its over-all budget. However, the group of six nations that are the EU's biggest contributors - Germany, Britain, France, the Netherlands, Sweden and Austria - want to limit the budget to the current level of 1 per cent of EU Gross National Income.

Jean-Claude Juncker, prime minister of Luxembourg, who is chairing the negotiations, has proposed a compromise, significantly below the commission's planned expenditure, with transport one of the areas likely to suffer.

As well as reluctance from governments, the commission is also fighting skepticism from some environmental groups that say the big programs damage national environments.

"The whole project is based on myths of cohesion and economic benefits from the enthusiasm of the early 1990s," says Markus Liechti, policy officer at the European Federation for Transport and the Environment, an umbrella organization for environmental groups. "But they are a long wish list from all member states to get as much as possible from EU funds."

The commission is fighting back. To lure more private investors, it has announced that it could guarantee income for the first few years of a project.

"We would step in if an investor can't service his debt," says Stefan de Rynck, a transport spokesman at the European Commission.

The commission is also due to announce a number of high profile personalities as "European coordinators" to preach the need for international cooperation on transport and galvanize public support for the cross-border projects.

"It is still questionable whether private investors will jump in to fill the gap between what the commission and the EU want to invest and what the member states are willing to invest," says Julien Bouzon, an analyst at the European Policy Center in Brussels.