

Transport: Infrastructure's key role in tackling the economic crisis

Brussels, 02 February 2012 - Faced with an economic crisis, investments in transport are critical for creating employment and a return to economic growth. This is the key message delivered in speech at the European Policy Centre in Brussels today by Siim Kallas, EU Transport Commissioner. "Tackling budget deficits and implementing austerity measures are not the only way to regain market confidence. Reviving growth must be part of the solution. And for this transport is crucial." In his speech Kallas focused on the key issue of transport financing and set out four major deliverables for 2012-2013, to get the conditions for transport financing right. The four deliverables are: the Connecting Europe Facility; ring-fencing money for East-West Connections; getting private sector finance into transport; and making transport more self-financing (looking at road tolling and infrastructure charging schemes.)

EU Transport Commissioner Siim Kallas said 'If transport connections do not flow or connect smoothly, then our economy will fail to grow. The public purse has its limit both here in Brussels and in Member States, so we must get the financing of transport right, and for that we need to deliver on key decisions in with Member States the coming months and years.'

The four deliverables:

1. Delivering the Connecting Europe Facility

As part of the new "Connecting Europe Facility" (CEF) the EU budget 2014-2020 proposes 31.7 billion euros of public money to invest in strategic European transport connections to underpin the single market. In his speech, Commissioner Siim Kallas said that the new Connecting Europe Facility is the "best example of European added value that the EU budget can and must deliver." He stressed the huge "added value" that EU strategic transport investment brings, developing connections that are important for the whole Europe and acting as seed capital with a major leveraging effect on other sources of public and private money. "We estimate that the expected leverage and co-funding could raise total transport investments of between 140 and 150 billion euros."

2. Ring-fencing money for East-West connections

Currently, transport connections between East and West are particularly weak – this undermines economic growth and trade flows. For this reason, 10 billion euros, out of the 31.7 billion euros allocated for transport in the Connecting Europe Facility (CEF), is earmarked in the Cohesion Fund and allocated specifically to Cohesion Fund eligible Member States to ensure better East-West transport connections. Vice-President Kallas stressed the need to safeguard this funding. "This was done to ensure that East gets better connected to West and that important connections also happen within and between the Cohesion Fund eligible Member States. I am

surprised that the most critical voices about this 10 billion come from Eastern European Countries themselves."

3. Getting private sector finance into transport

"The public purse has its limits, both here in Brussels and in the Member States. That is why it (transport) needs the private sector as the most viable and reliable longer term source of investment. In his speech, the Vice President underlined that the major priority for transport financing in the coming years is to create the right conditions to make transport investments attractive to the private sector. The Vice-President focused in particular in this speech on "our plans for project bonds, one of a number of risk sharing instruments proposed under the Connecting Europe Facility." The new project bonds, with EIB involvement, will provide one of the necessary instruments to reduce risk for the private sector and make major private sector investments in transport infrastructure more attractive and more viable. "

4. Making transport self-financing – looking at road tolling and infrastructure charging schemes

Faced with limited public resources, major transport investments will need to become increasingly self-financing in the future, with their own revenue schemes created through road tolling, and charging schemes. "We are also looking at more precise and smarter infrastructure charging rules to raise revenue. I am thinking here of road tolling schemes and the Eurovignette system for charging heavy goods vehicles, for example. The Commission is currently carrying out a number of studies and analyses into infrastructure charging and tolling schemes."

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