

T&E comments on the HLG report on TEN-T extension to the neighbouring countries

Subtitle: How to do it cheaper and more environmentally friendly

Introduction

T&E welcomes the opportunity for comments on the HLG report on TEN-T extension to the neighbouring countries

We are pleased to note that the High Level Group has drawn attention to:

- 1) the need for further studies and analyses of the economic, social and environmental impact of the proposed priority axes and projects, including mentioning a possible SEA on the TEN-T extension
- 2) the need for projects to comply with the best practice for Environmental Impact Assessment in European Union and the methodology asking for avoidance of environmental bottlenecks
- 3) the need for transparent public procurement procedures and a mid-term review of the plans for TEN-T extension

However, we are concerned that the projects proposed by HLG have not been assessed properly with regard to their economic and environmental impacts. The TEN-T extension should only cover necessary connections that will benefit people if the EC aim really to bring development and peace in the neighbouring countries. This approach would be both cheaper for international donors and the money-starved governments of neighbouring countries.

We would like to stress, however that in its forthcoming Communication the EC should address a number of additional horizontal measures in regard to sustainability and environmental assessment of the proposed axes and projects. We want to highlight some of them in the beginning of our response, as measures for them are urgently needed. The recent development of several projects in the neighbouring countries, mentioned also as priority projects in the HLG report, demonstrate that project development and implementation does not always correspond with EU standards and often violates international agreements. Therefore we can see the extension of the TEN-T network as a positive development only if it is guaranteed that together with physical infrastructure, good environmental and democratic practices are built, such as:

- Strategic Environmental Assessment for the TEN-T extension
- Public participation and transparency of all the studies related to the TEN-T project
- Implementation of the precautionary principle for the valuable biodiversity
- Harmonization of the environmental and social standards for the donors in the region
- Priority upgrading, optimisation, interoperability and modernization of the railway sector in neighbouring countries and regions

Responses to the questions for consultation

Question 1. Do the five main transport axes highlighted in the High Level Group (HLG) report, in your view, represent the main axes for international traffic and what would you add/delete, if given the opportunity, and why?

We consider that further independent analyses of the proposed priority axes and projects, their impact on the sustainable development of the neighbouring countries, and the alternatives to the projects are obligatory.

At the beginning, it is necessary to point out that the process by which the countries concerned have identified their priorities has been questionable, and it is not therefore surprising if some of the priorities are questionable. Most of the neighbouring countries do not have a Policy or Programme for the development of the transport sector, or where such documents do exist they have never passed SEA or public consultation. The priority projects have never been presented and discussed with the public prior to their submission to the HLG. They also tend to be heavily biased towards road transport and out of tune with the aims of the EU Transport White Paper. Therefore, the initiative for the development of transit corridors through these countries could seriously unbalance the development of sustainable transportation there. We consider that

neighbouring countries should be urged to develop *and* discuss with the public a coherent transport policy, where the development and management of the local and regional transport networks is addressed together with the international corridors. **Technical support from the EC** for proper implementation of the Strategic Environmental Assessment on national transport policy will be fundamental.

Another general comment regarding the proposed axes and projects is that investments in the extension of the transport modes are often duplicated. This means that rail is put into direct competition with road transport, which is perceived as being more convenient but fails to cover its large external costs. In addition, rail-upgrading projects have been carried out later than parallel motorway construction projects, and with little of the publicity and extravagant predictions of economic growth, which have often accompanied motorway projects. Therefore it cannot be expected that rail will increase or even maintain its modal share as motorways have been given a head start.

Question 2. The HLG report outlines a number of measures, on so-called horizontal issues, are these the most important ones and do the recommendations made by the Group help to solve the problems?

T&E considers that the horizontal issues related to environmental assessment, public participation and transparency regarding priority axes and project assessment need to be addressed in the proposal for horizontal measures. The democratic deficit, governance and human rights issue in Russia, Belarus and the Caucasus region should be also considered under the condition for granting EU and EIB support for the projects

T&E particularly welcomes the High Level Group's examination of cross-border rail inter-operability and marine safety, and considers these to be important areas. The reminder on p.19 of the report, that all projects must respect relevant EU legislation and best international standards in procurement and environmental assessment is likewise very welcome.

T&E also welcomes the High Level Group's examination of user charging and financing but feels that the conclusions reached in the report are too vague to play a decisive role in moving Europe towards fair charges for transport users. We consider that application, as minimum of EU standards for user charges is crucial for ensuring adequate financing for the maintenance of the infrastructure and internalise the external costs for society caused by international traffic.

In addition, T&E considers that there are some outstanding horizontal issues that need to be included in the future EC communication on the TEN-T extension.

- ***Ensuring that Strategic Environmental Assessment is carried out on the plans for development of the corridors***
- ***Enforcement of the precautionary principle when transport projects could harm valuable biodiversity sites that are still not protected according national legislation***
- ***Ensuring transparency and public participation in project development, implementation and public procurements***
- ***Ensuring respect for human rights in projects supported by the EC, EIB and other financial institutions where EU member states are involved (such as the World Bank, EBRD and ECAs)***
- ***Ensuring sufficient public resources for maintenance of regional transport networks and promotion of sustainable transport modes***
- ***Unequal development of modes***

Considering the objectives of the EU's 2001 Transport White Paper to increase rail's share of transport and to optimise the existing infrastructure, we appeal to the EC to consider in its further communication on the issue the following guiding principles when granting Community support (including EIB loans) to the TEN-T extension projects:

- 1) Projects eligible for Community support (including EIB loans) are exclusively projects for upgrading, optimisation, interoperability and modernization of the railway sector in neighbouring countries and regions.
- 2) Only projects for rehabilitation of the existing roads and bypasses of the residential areas and valuable biodiversity sites could be eligible for community support, if the conditions of the existing roads represent a serious danger for transport safety, human health and protected habitats and species.
- 3) Upgrading of roads and new road/motorway infrastructure should be eligible for the community support only when the conditions of the existing roads represents serious danger for transport safety, human health and protected habitats and species.

Question 3. Financing transport investments is a headache. How can the implementation of these axes and horizontal measures be best financed? What could be the role of the private sector and user charges?

T&E considers that the main problem here is the projects' economic viability and real benefits for the neighbouring countries' citizens. All private and public financial institutions in the neighbouring countries should demonstrate good quality economic assessment and transparency.

The neighbouring countries have already received funding from different private and public financial institutions for many of the priority projects. Therefore, T&E does not share the understanding that funding of the transport infrastructure is a headache for national governments. However, we have serious concerns that the current investments in the transport sector development in the neighbouring countries could be a serious headache for future generations. There is no practice at the moment for the disclosure of loan agreements and contracts for public-private-partnership schemes that are mainly used for financing transport infrastructure in neighbouring countries. Without such practice there is a serious concern of undue profit of the private companies involved in PPP or project implementation and conditions that affect the public interest. Taking into account that most of the agreements for financing transport infrastructure are for long periods (between 20-30 years), the negative impact of decisions taken by current governments could be extended to future generations. We want to stress again here that the level of democratic process and respect for human rights in many of the neighbouring countries is not satisfactory, corruption is widespread and that many of the financial institutions are missing adequate standards on these issues. The EC should, therefore, address in its future communication on the TEN-T extension and any other relevant documents the need for disclosure of the projects' economic assessments, loan agreements and contracts for any relevant funding scheme as well as demand proper public consultations over the proposed axes.

We also urge the EC to consider harmonization of the neighbouring countries' practices for user charges with European standards in order to ensure implementation of the user and polluter pays principle. Upgrading national roads to the standard 11.5 tonnes and 4-metre benefits solely international transit traffic while the cost is going to be paid exclusively by the national governments, e.g. citizens of neighbouring countries. T&E's experience shows that as result of the simplified border-passing procedures and lower road charges international transit traffic in the new member states and accession countries has increased by up to 70%. In such cases road freight transport companies gain significant benefits at the cost of deterioration of the environment, the transport infrastructure in the transit countries, and current and future public expenditures.

4. For the implementation and coordination of the recommended actions, the report calls for either a memorandum of understanding or an international agreement – do these help to

achieve the objectives? If not, how would you ensure the implementation and coordination of the actions?

T&E considers that the requirement for implementation of the horizontal measures suggested in this document should become part of the Bilateral agreements between EU and neighbouring countries and a condition for granting EU aid and EIB loans to neighbouring countries.

Through bilateral agreements with the neighbouring countries (e.g. Accession, Association Agreements and Action Plans) many of the horizontal measures raised in this document could be successfully addressed. The EC should also consider the possibilities for ongoing communication with civil society and public in the neighboring countries and the establishment of a complaint mechanism as part of the EC Directorate External relation and European Neighboring Policy. Furthermore, a regular meeting of the national government country representatives and EC, where NGOs are invited as observers, could be a useful mechanism for monitoring and facilitating the process of TEN-T extension.

We also appeal to the EC to take a leading role for harmonization of the donor standards for environmental, social and economical assessment in neighboring countries and regions. The example from Georgia mentioned above and our experience from Central and East European countries show that WB, EIB, EBRD and often also EU-financed projects violate EU environmental standards and international treaties. We consider that the EC should strive to sign a memorandum with all donors in the region, pledging respect for EU environmental, social and economical standards. Transparency and public participation should also be an integral part of such an agreement. We see this as a fundamental step for bringing meaningful peace and development to the neighbouring countries.

5. The Group has envisaged integrating the existing agreements and memoranda of understandings into a coherent framework. Should an international treaty be envisaged for this?

Yes, moreover stronger monitoring of implementation of the provisions under the international agreement signed by the neighbouring countries should also be considered by the EC. New international treaties could be considered in case this is not currently in place.

The neighbouring countries have signed a number of International Agreements for environmental protection and public participation such as the Aarhus Convention, Bern Convention, Bonn and Ramsar Convention. The implementation of the provisions of these treaties is far from satisfactory in most of the neighbouring countries. We invite the EC to take a more active stand in the meetings of the Parties to the International Agreements and existing complaints mechanisms (such as the Aarhus Convention Compliance Committee) in order to ensure the proper implementation of the principles of these treaties. This implementation should be a prerequisite for signing any agreement on TEN-T extension and on any financial decision of the European Commission or the EIB.

T&E, 10 March 2006

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