



DIRECTORATE GENERAL FOR INTERNAL POLICIES
POLICY DEPARTMENT B: STRUCTURAL AND COHESION POLICIES

TRANSPORT AND TOURISM

UPDATE ON INVESTMENTS IN LARGE TEN-T PROJECTS

EXECUTIVE SUMMARY

Abstract

This study updates the TEN-T investment study completed in early 2013 and adds five new case studies to the analysis, three of which deal with mega projects that are still in the planning or early implementation phase: Lyon-Turin, Iron-Rhine and S21/Stuttgart-Ulm. Findings confirm that not all stakeholders have learned past lessons on successfully developing projects. There is a particular need for early and transparent public participation and a clear project definition prior to the project decision. New findings suggest that measuring wider economic benefits and European added value are necessary to justify the socio-economic benefits of multibillion euro cross-border projects.

This document was commissioned by the European Parliament's Committee on Transport and Tourism.

AUTHORS

Fraunhofer, Institut für System- und Innovationsforschung, Germany - Wolfgang Schade,
Lucia Mejia-Dorantes
Karlsruhe Institute of Technology, Germany - Werner Rothengatter
ProgTrans, Switzerland - Olaf Meyer-Rühle, Stephan Kritzing

RESPONSIBLE ADMINISTRATOR

Marc Thomas
Policy Department B: Structural and Cohesion Policies
European Parliament
B-1047 Brussels
E-mail: poldep-cohesion@europarl.europa.eu

EDITORIAL ASSISTANCE

Aдриенн Борка

LINGUISTIC VERSIONS

Original: EN

ABOUT THE EDITOR

To contact the Policy Department or to subscribe to its monthly newsletter please write to:
poldep-cohesion@europarl.europa.eu

Manuscript completed in December 2014.
© European Union, 2014.

This document is available on the Internet at:
<http://www.europarl.europa.eu/studies>

DISCLAIMER

The opinions expressed in this document are the sole responsibility of the author and do not necessarily represent the official position of the European Parliament.

Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the publisher is given prior notice and sent a copy.

EXECUTIVE SUMMARY

Aim

The purpose of this study is to update the previous study of April 2013 on “TEN-T Large Projects - Investments and Costs”. This dealt with the process of assessing and selecting large transport projects for EU co-funding. The literature and the European Court of Auditors had identified several operational problems in such assessments and the 2013 study presented conclusions and recommendations on how such operational problems could be avoided. This 2014 update describes the advancements of the policy process achieved at the European level during the revision of the TEN-T guidelines by the time they were agreed at the end of 2013. Furthermore, five new case studies on mega projects have been carried out, and some selected case studies of the 2013 report have been updated to take into account recent developments in their planning or construction. In total twelve case studies are presented in this study.

Analysis and findings

Out of these 12 cases, the first five represent rail projects, the sixth a mixed rail-road project, the next two are road projects, projects 9 - 11 are base tunnels for Alpine rail crossings and the twelfth project is a waterway. Total costs of the projects range between EUR 131 million and EUR 9.7 billion. When benefit-cost ratios are available and reasonably low discount rates are applied for their calculation, the benefit-cost ratios are estimated to be between 1.5 and 6.5; payback periods lie between 15 and 50 years; economic internal rates of return amount to between 4.7% and 9.4%.

Two of the case studies allow for ex-post analyses, two others are partially completed, and two others are under construction. The other six case studies concern infrastructures at different levels of planning. Two of them are in an exploratory phase which has already started (Brenner, Lyon-Turin), and this phase is also likely to start soon for the Fehmarn Belt. Rail Baltic and Seine-Scheldt are still in the project design and planning phase while the Iron-Rhine seems to be at a preliminary planning phase.

As far as transparency is concerned, the generic observations found in the previous study can be confirmed. More recent projects, in particular when still in the planning phase, already seem to be adapting to requirements of becoming more transparent and providing more detailed studies online (e.g. Rail Baltic, Lyon-Turin) or on request (e.g. Fehmarn Belt Fixed Link). However, in some cases too many, and sometimes contradicting, documents and statements hinder clear understanding of a project. This underlines our recommendations from the previous study to maintain a central project data office at the EC, which compiles and distributes relevant data and relevant study information (e.g. for the Rail Baltic(a)).

In general the decision process on TEN-T co-funding has significantly improved in the last seven years. The new TEN-T guidelines and the new CEF regulation will further improve project selection and funding of TEN-T. Naturally, due to the emphasis of cross-border projects and increased EU co-funding, Member States will have to accept a greater role of the EU in project decisions and project implementation. This seems reasonable for the development of a true European network.

Enforcing the new guidelines and respecting the existing and newly established conditionalities, taking into account the recommendations given in this study, seem to be the key elements for improving the TEN-T concept and making its co-funding most beneficial for the European Union. Transparency in decision-making seems to be an asset to this end, both for the project promoters who develop better performing projects which are less risky and more widely accepted, and for European citizens who will benefit economically and environmentally.

Recommendations

(1) The methodologies for planning, forecasting and assessment need further development to effectively support decision-making for large transport projects in a multi-modal network context.

(2) Planning and procurement processes in each Member State are different and may be biased by particular political interests. Moral hazards can lead to inappropriate project design if Member States are seeking EU funding. Therefore the EU co-funding mechanisms for transport projects need strict control and monitoring.

(3) Better information, coordination and participation are central issues.