

Germany and the Single European transport area:
the road and challenges ahead

Speech Vice-President Siim Kallas
at German Transport Forum event in EP,
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Ladies and gentlemen

Thank you for asking me here today to talk about developments in European transport, some of the challenges we face and how we plan to move forward.

Europe relies on efficient transport networks to keep our economy competitive. They are the arteries of Europe's single market, the heart of the

supply chain. This is why transport is a primary enabler of jobs and economic growth. Without smooth and solid connections, we cannot prosper.

Transport is also a major European manufacturing industry that successfully competes on the world stage. In many areas, we are a global leader – and we can no longer say that of many of our other industry sectors.

Many European companies, including German ones, are world leaders in

infrastructure, logistics and the manufacture of transport equipment. We would like to keep it that way.

In transport, Germany is a true "Kernland". Its geographic position makes it a real European hub in aviation, road and rail. Its ports and rivers, think of the Rhine, are essential elements of the trans-European Network.

Thanks to this central role and location, Germany is home to 9 priority projects

in the current TEN-T – particularly pan-European rail axes which link the four corners of the continent.

As a sector, rail is a good example of the need to modernise infrastructure as we progress in our efforts to build a single European transport area. This will replace today's patchwork of national systems with a seamless logistics chain that combines different means of transport to get goods and people from A to B.

Germany recognised this need some time ago, making significant investments during the 1990s that turned Berlin into a major European railway crossroads for routes running east-west and north-south.

Given Germany's importance in rail, particularly for cross-border traffic, deploying ERTMS is very important for the EU's rail market as a whole. This modern high-performance system sets a single signalling standard across Europe. It enables efficient control of

trains, ensures a high level of safety and will allow trains to move smoothly across compatible national networks – creating more efficient logistics and passenger flows.

Ladies and gentlemen

We face many new challenges and barriers that threaten Europe's leading position I mentioned earlier. We simply cannot afford to lag behind, or become complacent.

There is a great deal of work to do to prevent Europe from losing out to

global rivals, above all to low-cost competitors who are keen to innovate and invest.

In a world of sky-high oil prices, rising congestion – estimated at a cost of 1 to 2% of GDP! – and climate change, our main aim is to make sure that the EU's transport system is sustainable, safe and efficient.

We have to deal with these constraints at the same time as we fill in the gaps in

the wider network, remove the many bottlenecks and technical barriers.

Take transport's historic over-dependence on oil, which accounts for about 96% of its total energy supply. At today's prices, this commodity is fast becoming unaffordable – the EU's oil import bill is about 1.7% of GDP. It also comes from increasingly unstable parts of the world.

This is why we are looking into innovative, and cleaner, alternatives to

fossil fuels and investing in research to develop new sources of energy.

The EU also has to take this step to meet its commitments on reducing greenhouse gas emissions by at least 80% by 2050. Transport has to make deep cuts in its own emissions over the medium term.

While this will entail costs for industry, we cannot close our eyes to the environmental problem. Transport accounts for around one quarter of the

EU's overall CO₂ emissions, mostly from our saturated road network. The sector's emissions have also been growing over the last 20 years. So this is not a problem that is going away.

We need to unite more as Europe's transport community, taking the initiative ourselves, and now - so that we can better control and manage these costs. The risk is that if we, as the transport community, do not act, then others will do so – and force their solutions upon us.

Expanding, modernising and joining together our transport network is a precondition for completing the EU's internal market. It is only with solid and smooth connections across Europe – and with a properly functioning internal market – that we can give our economy and businesses a good chance to grow. Investing in transport is a key component of a sound growth strategy.

But building and maintaining infrastructure is an expensive exercise.

We estimate that developing the infrastructure to match rising transport demand will cost 1.5 trillion euros up to 2030. Just up to 2020, we will need about 500 billion euros to complete the trans-European network.

Of that, around half is needed to get rid of the main bottlenecks.

This will require a competitive environment and long-term funding.

Available public money will not be enough; So the most viable and reliable

longer-term solution will be to partner with the private sector.

The Connecting Europe Facility (CEF) - the innovative financing instrument proposed by the Commission for the 2014-2020 budget period – will be essential to ensure that important European infrastructure investments will happen.

It is also designed to attract and guarantee private sector involvement.

By focusing on smart, sustainable and

fully interconnected transport, energy and digital networks, the CEF will help to complete Europe's single market.

Transport will receive the lion's share of CEF funding – if the proposed €31.7 billion is preserved during the negotiations with Member State governments. This shows its importance in the Commission's long-term spending proposals, which put a strong focus on growth.

With the leverage we expect, and with co-funding, total transport investments could reach between €140 and €150 billion.

This funding is also vital to keep our expertise in transport manufacturing within Europe, so we retain our competitive edge in the world transport marketplace.

This all sounds like a great deal of useful, growth inducing money. But nothing is guaranteed, as you know, as

long the EU's budget for the next seven-year period is still being negotiated.

So I would like to take this opportunity to encourage you to help the Commission in its efforts to convince governments and public that the CEF must be sufficiently well funded if it is to be an important new element for growth – to the benefit of Germany and all of Europe.

There are also many German infrastructure projects which could be

supported by the CEF budget. Among the most important of these are projects with a pan-European value for completing TEN-T, especially the core network corridors and other major cross-border sections.

Ladies and gentlemen, to conclude: with the economic crisis, Europe needs to improve its mobility more than ever, which is why we must invest in a sustainable transport network.

That requires long-term funding and commitments from governments – including to attract private funding.

Conditions for infrastructure investments must be stable for long periods, perhaps 30 years. That's where we in Brussels can help, by creating an environment of business security. And the proposed Connecting Europe Facility is an important part of that.

Thank you for your attention.