

Til

udvalgets medlemmer og stedfortrædere.

Resumé fra mødet i Rom 13-14. november for EU-landenes udvalg vedr. Offentlige Arbejder.

13-14. november 2003 arrangerede Det italienske Senat og Deputerkammer et møde i Rom for EU-landenes respektive udvalg vedr. Offentlige Arbejder. Mødet forløb over 2 dage under ledelse af formændene for henholdsvis Deputerkammerets og Senatets Udvalg for Offentlige Arbejder, Pietro Armani og Luigi Grillo. I alt deltog repræsentanter fra 24 lande. Fra Folketingets Trafikudvalg deltog Gitte Lillelund Bech.

Programmet og deltagerlisten for møderne findes vedlagt. Desuden vedlægges de 2 ovennævnte italienske udvalgsformænds indlæg på engelsk.

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Temaet for konferencens første dag var "implementeringen af strategiske offentlige arbejder", mens temaet for anden dag var "finansierings initiativer".

Pietro Armani, som ledte mødets første dag, gennemgik de italienske erfaringer m.h.t. at tilvejebringe lovgivningsrammer for offentlige arbejder. Fra midt i 70'erne og frem til 2001 forsøgte man i konsekvens af en uheldsmæssig lovgivning behovet for investeringer i infrastrukturen i Italien. Konsekvensen er et efterslæb i Italien i forhold til det øvrige EU.

Da den nuværende italienske regering trådte til, var et af dens første initiativer at begrænse dette efterslæb. Bl.a. medførte ny lovgivning i 2001, at man indførte begrebet "strategiske infrastrukturfaciliteter af stor national interesse". Hvert år identificeres et antal projekter, som hører til i denne kategori. M.h.t. finansieringen søger man at skabe incitamenter for Offentlig Privat Partnerskab.

Armani pegede desuden på, at EU har en væsentlig rolle at spille. Han advarede mod, at snævre nationalinteresser og protektionisme EU-landene imellem får lov til at dominere og opfordrede til samarbejde i EU om strategiske infrastruktur projekter. Han så bl.a. van Miert Gruppens arbejde og identifikationen af prioritetsprojekter under det Trans Europæiske Netværk (TEN) som et første resultat af en øget anerkendelse af nødvendigheden af strategisk planlægning på europæisk niveau.

Herefter fremførte enkelte af de øvrige deltagende lande synspunkter med deres erfaringer m.h.t. planlægning af infrastrukturprojekter og mødets første dag sluttede med et indlæg fra Italiens transportminister, Pietro Lunardi, som bl.a. mente, at Europas konkurrenceevne begrænses af en utilstrækkeligt udviklet infrastruktur. Han anså det for nødvendigt, at der skabes mere samarbejde mellem det offentlige og private. I øvrigt pegede han på, at de prioriterede projekter under TEN udgør en første "masterplan" for fælles europæiske infrastruktur-investeringer.

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Luigi Grillo ledte mødets anden dag og han gentog Armanis opfattelse af, at Italien har et efterslæb på infrastruktur-området – og særlig Syditalien har behov for bedre forbindelser til Norditalien og de øvrige EU-lande.

M.h.t. finansieringen af infrastruktur-projekterne introducerede Italien i 1998 muligheden for Offentlig Privat Partnerskab i sin lovgivning og den underliggende idé i dag er, at man så vidt muligt forsøger at lade privat kapital finansiere de mest profitable projekter, således de offentlige ressourcer kan frigøres til at finansiere mindre profitable, men ligeså nødvendige projekter i de mest tilbagestående områder af landet.

Derudover har man skabt finansieringsselskabet ISPA, som er 100 pct. statskontrolleret (af Økonomiministeriet). ISPA kan finansiere og stille garantier for offentlige infrastruktur-projekter og selskabet opererer på markedsvilkår. Da ISPA ikke skal give udbytte til aktionærene som sit primære formål, kan selskabet ofte tilbyde finansiering til lavere omkostninger. Endvidere har man i Finansloven for 2003 taget nogle initiativer til - gennem en fond fremfor ved direkte statsstøtte - i højere grad at målrette de offentlige bevillinger til lokale projekter i udkantsområder. Effekten har været markante omkostningsbesparelser.

Herefter fremførte enkelte af deltagerne synspunkter omkring deres erfaringer m.h.t. finansieringen af infrastrukturprojekter. Bl.a. orienterede Gitte Lillelund Bech om de danske erfaringer med at investere i faste forbindelser og om overvejelserne om etablering af en fast forbindelse over Femern Bælt. Mødets anden dag sluttede med et indlæg fra en embedsmand fra det italienske transportministerium, Ercole Incalza, som desuden havde været Italiens repræsentant i van Miert gruppens arbejde med TEN-projekter.

Incalza fremførte bl.a., at tidsestimering er vanskelig - hvordan forudser man f.eks., hvad der sker om 10-15 år - men at det er kendetegnende for transport-netværket i Europa i dag, at det er indrettet efter produktionssamfundets behov. Om 10 år vil det imidlertid være servicesamfundets behov, som skal opfyldes. Det stiller Europa overfor en udfordring m.h.t. infrastruktur-investeringer. Han fortalte, at et andet punkt, hvor Europa udfordres er, at det kan være vanskeligt at finde en fællesnævner, som alle lande kan enes om, der skal satses på. En mulighed er interoperabiliteten som en sådan fælles interesse eller det kan være bedre udnyttelse af vandvejene (eller et andet miljøvenligt alternativ til de traditionelle transportformer).

M.h.t. TEN-projekterne mente Incalza, at de nu befinder sig i en program-fase. Den næste fase bliver den regeldannende fase - f.eks. mente han, at forholdet mellem privat og offentlig finansiering endnu er uklart reguleret. Endelig mente han, at en 3. fase kan være kompabilitetsudviklingen.

Med venlig hilsen

Jesper Thinghuus,
udvalgssekretær.

PROGRAM

Thursday, November 13, 2003

- 2.30 p.m. Registration of participants at the Chamber of Deputies (main entrance - Piazza Montecitorio)
- 3.15 p.m. *Sala della Lupa*: opening of proceedings - First session: definition of a priority regime for the construction of strategic public works
- Introductory speech by Mr Pietro Armani, Chairman of the Committee on Environment, Territory and Public Works of the Italian Chamber of Deputies
 - Debate
- 4:45-5:00 p.m. *Coffee break*
- Contribution by Mr Pietro Lunardi, Italian Minister for Transport and Infrastructures
 - Debate
- 6.30 p.m. Photo opportunity and visit of Palazzo Montecitorio
- 8:30 p.m. *Palazzo Barberini* - Dinner

Friday, November 14, 2003

9.15 a.m. *Sala della Lupa*: opening of proceedings - Second session: initiatives aimed at financing and constructing intermodal connections among European countries

- Introductory speech by Sen. Luigi Grillo, Chairman of the Committee on Public Works and Communications of the Italian Senate
- Debate

10:45-11 a.m. *Coffee break*

- Report by Mr Karel Van Miert, Chairman of the High-level Group on Trans-european transport networks
- Planned contributions:
 - o Mr Alfonso González Finat, European Commission, Director for Trans-european networks, energy and transports
 - o Mr Ercole Incalza, Ministry for Transport and Infrastructures, Italian Representative at the High-level Group on Trans-european transport networks

- Debate

1.15 p.m. End of proceedings

1.30 p.m. *Luncheon at the restaurant of the Chamber of Deputies*

A visit to the Galleria Borghese will be organised in the afternoon of Friday 14 November, at 3.00 p.m.



**CONFERENCE OF PUBLIC WORKS COMMITTEES
OF THE EUROPEAN UNION PARLIAMENTS, OF THE PARLIAMENTS OF
ACCESSION AND CANDIDATE COUNTRIES**

Rome, 13-14 november 2003

Palazzo Montecitorio

LIST OF PARTICIPANTS



AUSTRIA

Nationalrat

Kurt EDER, *Chairman of the Committee on Traffic*

Werner MIEDL, *Vice Chairman of the Committee on Traffic*

Bundesrat

Harald HIMMER, *Vice Chairman of the Committee on Traffic, Innovation and Technology*

BELGIUM

Chamber of Representatives

Francis VAN DEN EYNDE, *Chairman of the Infrastructure Committee*

Serge DE RYCK, *parliamentary officer*

BULGARIA^(*)

Narodno Sobranie (National Assembly)

Marina DIKOVA, *Vice Chairman of the Public Works Committee*

CIPRUS^(*)

Vouli Antiprosopon (Chamber)

Georgios TASOU, *member of the Public Works and Communications Committee*

^(*)The asteriks indicates monocameral Parliaments



CZECH REPUBLIC

Poslanecka Snemovna (Chamber)

Kala MILOSLAV, *member of the Economic Affairs Committee*

DENMARK^(*)

Folketinget

Gitte Lillelund BECH, *member of the Transport Committee*

Jesper THINGHUUS, *parliamentary officer*

FINLAND^(*)

Eduskunta

Märkku LAUKKANEN, *Chairman of the Transport and Communication Committee*

Timo SEPPÄLÄ, *member of the Transport and Communication Committee*

Mika BOEDEKER, *parliamentary officer*

FRANCE

National Assembly

Alfred TRASSY PAILLOGUES, *member of the Economic Affairs Committee*

Karine DEPINCE, *parliamentary officer*

Lionel BESSARD, *Embassy in Rome*



GREECE^(*)

Vouli Ton Ellinon

Ioannis THOMOPOULOS, *Chairman of the Economic Affairs Committee*
Nicholas LEGGAS, *member of the Economic Affairs Committee*

Panagiotis PAVLOPOULOS, *parliamentary officer*

HUNGARY^(*)

Orszaggyules (National Assembly)

Gabriella BEKI, *member Committee on Employment and Labour Affairs*

IRELAND

Dail Eireann (Chamber)

Seanad Eireann (Senate)

Michael FINNERAN, *Vice Chairman of the joint Committee on Finance*

Paul MCGRATH, *member of the joint Committee on Finance*

Conor LENIHAN, *member of the joint Committee on Finance*

M.J. NOLAN, *member of the joint Committee on Finance*

Liam TWOMEY, *member of the joint Committee on Finance*

Rita SEXTON, *parliamentary officer*



ITALY

Chamber of Deputies

Pietro ARMANI, *Chairman of the Public Works Committee*
Fabrizio VIGNI, *member of the Public Works Committee*

Senate

Luigi GRILLO, *Chairman of the Public Works Committee*
Anna DONATI, *member of the Public Works Committee*

LITHUANIA^(*)

Seimas

Rimas VALČIUKAS, *member of the Economic Affairs Committee*
Darius SALTMERIS, *parliamentary officer*

LUXEMBOURG^(*)

Chamber of Deputies

Nicolas STROTZ, *Chairman of the Public Works Committee*
Georges WOHLFART, *Vice Chairman of the Public Works Committee*



NETHERLANDS

Tweede Kamer (Chamber)

Jan TEN HOOPEN, *Chairman of the Committee on Transport and Watermanagement*
Pieter HOFSTRA – *Vice Chairman of the Committee on Transport and Watermanagement*

Charles ROOVERS, *parliamentary officer*

Eerste Kamer (Senate)

Margriet MEINDERTSMA, *member of the Public Works Committee*

POLAND

Sejm

Eugeniusz WYCISLO, *member of the Economic Affairs Committee*

PORTUGAL⁽⁷⁾

Assembleia da Republica

Fernando MOUTINHO, *member of the Committee on Transport and Public Works*
José JUNQUEIRO, *member of the Committee on Transport and Public Works*



ROMANIA

Camera Deputatilor

Ioan OLTEAN, *Chairman of the Public Works Committee*

Ksaba-Tiberiu KOVACS, *member of the Public Works Committee*

Senatul

Niculae SIN, *member of the Committee on Public Administration and Organization of the Territory*

Hermann Armeniu FABINI, *member of the Committee on Public Administration and Organization of the Territory*

Ion CALCIU, *Embassy in Rome*

SLOVAKIA^(*)

Národná rada (National Assembly)

Robert NEMCSICS, *member of the Economic Affairs Committee*

Branislav OPATERNY, *member of the Economic Affairs Committee*

SPAIN

Congreso de los Diputados

Luis MARQUÍNEZ, *Chairman of the Infrastructures Committee*

Andrés AYALA, *member of the Infrastructures Committee*

José SEGURA, *member of the Infrastructures Committee*

Senado

Clemente SANZ BLANCO, *Vice Chairman of the Public Works Committee*



SWEDEN^{*)}

Riksdag

Claes ROXBERGH, *Chairman of the Transport Committee*

Borje VESTLUND, *member of the Transport Committee*

EUROPEAN PARLIAMENT

Franz TURCHI, *Vice Chairman of the Budgetary Control Committee*

EUROPEAN COMMISSION

Alfonso GONZALEZ FINAT, *Director of the Transeuropean networks*

COUNCIL OF EUROPE

Sen. Renzo GUBERT (PPE/DC), *Vice Chairman of the Environment Committee*

Alfred SIXTO, *officer of the Council of Europe*

**SPEECH BY THE CHAIRMAN OF THE 8TH COMMITTEE
ON ENVIRONMENT, TERRITORY AND PUBLIC WORKS**

HON. PIETRO ARMANI

Introduction

Dear colleagues, it is a source of sincere pleasure to me to be able to welcome you personally, and on behalf of my colleague, Chairman Grillo, to this conference of Parliamentary Public Works Committees of the European parliaments.

As you undoubtedly know, this is the first time that a parliamentary meeting on these issues has been organised at the European level. The reason it has been convened by our Parliament during Italy's six-month EU presidency is to provide an opportunity for debate between the members of parliament on highly topical subjects, on which the future growth of the enlarged Europe depends.

According to the Conference agenda, our work will be organised in two one-day sessions. The first day will be dedicated to the **definition of a special and priority regime for the implementation of strategic public works projects**, while the second will focus on **funding initiatives** and the construction of intermodal networks linking the European countries.

First of all, I should like to stress the importance of the fact that this debate is being conducted at an inter-parliamentary forum. It will address the way that the Europe of Parliaments can grow and occupy new political spaces, and not only deal with economic and institutional engineering matters, but also take political initiatives. Opportunities must be created for the great issues of Europe's economic and civil development to be worked on and debated directly

between the elected assemblies. This improves the **substance** and enhances the **democratic legitimation** of negotiations conducted by governments.

My contribution today will focus on Italy's recent experience with infrastructure regulation and legislation. But it is not my intention to introduce and start a debate on comparisons between national legislative systems. Comparison and mutual knowledge are useful, but they are inadequate if they do not provide a synthesis that gives us guidance for our political work.

I believe that Italy's recent legislative experience offers a number of original elements of general relevance that will provide **common ground for debate** today and tomorrow.

I will begin with the historical background that paved the way for the most recent Italian legislation. For this purpose I will refer to two dates: 1975 and 2000.

1975

With the enactment of **Decree Law no. 376 of August 1975** the Italian parliament approved an instrument that was subsequently to have an enormous influence on the development of Italian infrastructure for more than twenty years. This law laid down a general prohibition on the construction of new motorways and tunnels. It removed from government one of its typical administrative discretionary powers, that is to adapt the infrastructure facilities to the changing demands of the economy and society. After that, even a decision to build an additional lane to increase the capacity of a road to cope with increased traffic had to be debated in the Italian parliament, since it was considered to be a decision that might be potentially detrimental to fundamental values and rights.

That law was carried with a huge majority. In the Senate the only opposition came from the isolated but prestigious voices of Manlio Brosio, the former Secretary General of NATO, and Araldo di Crollanza, the former Minister of Public Works.

Today it is difficult to understand how a policy of this kind could become government policy. It is also difficult to believe that only 28 years have passed since then, and that it took as many as 25 years to repeal it.

So, let us now try to conjure up the climate at that time.

In those days new political schools of thought and radical opinions were emerging on the political scene in many Western countries (particularly in Italy), gaining strength following the **international oil crisis**. They included an apocalyptic and ideological type of environmentalism, which is mistaken when it pushes to extremes and deforms the consideration that is necessarily due to sustainability factors.

That was the climate in which public opinion and the majority of political forces (even penetrating the government ranks) took up an attitude of distrust and hostility to the market, industrial development and even the economic expansion of the industrialised world itself. In subsequent years, other motivations were added to these in the wake of a snowballing public debt, and the strong resistance to cuts in current expenditure.

But I would like us to focus on that general climate of distrust in the future. It was not only a distrust of the political aspects, but also claimed to be a prediction of the imminent decline of capitalism (I recall the buzzword that was fashionable at the time: **austerity**).

Today we know very well that the world took a completely different direction, and within a few months the first brilliant inventions in the field of personal computers opened the way to the **third technological revolution of capitalism**. We know that this brought with it an

enormous increase in the production potential of the technologically advanced countries, increased labour productivity, and sky-rocketing international trade and hence a massive increase in the strategic importance of communications networks.

We have only recently realised and been able to measure the serious damage caused by those errors of judgement, by that *short-sightedness*, of thirty years ago.

They were errors that gave led to numerous decisions taken during those years. I will only mention one more, that developed in that same climate and also enjoyed majority public support and which hung a millstone around the neck of Italian industrial growth: the nuclear referendum of 1987. The consequences of that turning-point should be re-examined today, in the light of the (by now general) awareness of the central value of **scientific research** and the need to pursue it as a means of fostering the growth of the entire economic system.

The critical examination of this background has led the Italian political world (and simultaneously public opinion as well) to the realisation that for twenty-five years there had been a **silent but very dangerous erosion of our infrastructure potential**, and that this erosion had removed one of the structural conditions for growth.

2000

The second date that historically defines the Italian situation is 28 February 2000, the date on which the Chamber was presented with a bill (whose main sponsor was Silvio Berlusconi) entitled *Provisions governing the construction of infrastructure and strategic industrial settlements*.

The report explaining the provisions was the first Italian political document devoted to a blatantly obvious economic fact : **the infrastructure gap between Italy and the rest of Europe**. The opening words of this report were: "For about thirty years no major

public works have been built in Italy. The reverse is true in other countries. If Italy remains in this condition, instead of modernising, our country will isolate itself and go into progressive decline”.

The “target-law”

That bill was rejected by the House (which then had a centre-left majority) but making up for lost time in Italian infrastructure construction became one of the key issues for the new governing majority, following the 2001 general election, and the government agenda: the target-law was one of the first to be enacted in the new parliament, as **law no. 443 of December 2001**.

Less than two years have passed since then, and no one can deny that the law set Italy out along a highly original statutory path that can stand as a model that other countries might possibly adopt.

For our foreign guests, I should perhaps make it clear at this point that in Italy the legal system of public works and infrastructure is obviously highly technically complex, as it is everywhere else. The law that I cited only marked the beginning of a proper *statutory and regulatory process*, involving the approval of various kinds of documents varying in scope and authority (ministerial decisions, decrees, regulations) which is still on-going, with strong commitment by both the government and the parliament. Yet the general pattern of the Italian legislation is quite simple and I would like to try to sum it up briefly.

The Italian legislation of 2001, essentially does two things:

1. It created a specific object, (defined as all the “**strategic infrastructure facilities of paramount national interest**”) and defined the rules for identifying, year by year, the individual projects falling within this “basket”;

2. It removed all these projects from the application of ordinary legal rules, by creating a **special regime** for them.

The **special regime** comprises all the legal elements that affect implementation timing and efficiency:

- Scheduling the operations
- Designing the operations
- Approving the plans
- Siting
- Prior environmental compatibility assessment
- Financing
- Awarding tenders
- Inspection and commissioning
- Arbitration of disputes

The operations in the “basket” are selected year by year through a **global and unitary process of programming the infrastructure development of the country**, a process in which central government, the regional governments and parliament take part in different capacities. The programme can include major highways, intermodal hubs, complex urban systems, water mains systems, telecommunications systems (network or point-to-point), etc. In short, all the programmes and projects that the highest political authorities deem to be strategically important (recently, for example, Parliament resolved to include in the programme a set of measures to make public buildings earthquake-proof).

Incorporation into the programme entails access to the special legal regime, which is above all a regime of **competences**.

The “target-law” is completed with a set of provisions regarding the **financing of the works**, with innovative mechanisms to provide incentives for **public-private partnership**, designed to achieve the

maximum **articulation of funding** (these innovations include the introduction of the *general contractor*). This was a means of adapting to the legislation of other European countries which have long had innovative financial instruments for implementing major public works. I would like to recall that public-private partnership is one of the most highly recommended instruments within the Community. But these are topics that are more specifically relevant to tomorrow's agenda, which my colleague Senator Grillo will be addressing in greater detail.

I am interested in drawing your attention to one point that I consider very important. The "target-law" contains not only provisions for streamlining procedures (shortening deadlines, cutting red tape, etc.). It creates a much more incisive system, because it **changes the scheme of powers and jurisdiction**, particularly in relations between central and local authorities, restoring all the powers to a higher level of responsibility which under the ordinary regime appear fragmented and scattered.

I would also add that this is being done in Italy at a time when our regional system is evolving towards a **federal** model, and I also want to point out the great Italian tradition of **municipal-level independence**.

How was it possible to launch a statutory system that ran against the grain in this way?

How was it possible for the Constitutional Court, to which some regional authorities immediately appealed, to recently uphold the constitutional legitimacy of the target-law ?

To answer these questions we must shift our analysis from the law to **economics**.

What the Italian parliament (and the Constitutional Court which ruled on the constitutional legitimacy of the target-law) actually did

was to acknowledge the completely new dimension in which the market is challenging governments to take **strategic decisions** .

I would like to develop this idea by referring to what is one of the most important strategic fields amongst those involved in the infrastructure themes: **logistics planning**. This approach better than others gives us elements for understanding the value of an **infrastructure development strategy**.

In the economic reality of global competition, it no longer makes sense merely to calculate freight transport costs; the data we receive is understated and doctored. The delays in developing logistics infrastructure affect the whole chain, starting with the raw materials and ending with the finished product being taken up by the market. Along this path logistics costs account for major shares of value, ending up as one of the determining factors of overall competitiveness. It is known, for example, that transforming a trading port into a real logistics platform (with customs clearance, warehousing, processing, re-packing and goods distribution) has the effect of multiplying *turnover, profits, government revenues and employment* by a **fluctuating multiplier of between 8 and 10**. The transport costs for finished goods accounts on average for between 3 and 7%, yet the entire logistics line can account for between 20% and 25%.

It is therefore evident that reasoning in terms of logistics requires a **strategic and unitary infrastructure planning**; it is quite anachronistic to reason **separately** in terms of road networks, railway networks, seaways, logistics plates or hubs.

At this juncture I would like to answer the questions I asked regarding the changes made to the ordinary powers and jurisdiction introduced by the Italian law of 2001: with this law the Government and the Italian Parliament have given the country an instrument that is absolutely necessary to meet the demands of the modern economics of logistics and infrastructures. And this is the reason why our

Constitutional Court quite rightly found the law to be also compatible with the federal model of the state towards which Italy is moving.

The European strategy

Yet although Italy has understood that the dimension in which these issues must be addressed is **super-regional**, in Europe we still have to realise that it is really a **super-national**, even an **intercontinental**, level.

Guaranteeing the overall competitiveness of Italian products **from the raw material phase to the global market**, depends on the optimisation of the logistics line. Though it would now be more correct to speak of an **"infrastructure line"**, since the links are very close between logistics and telecommunications, just as they are between the structure of the markets and essential services networks.

This optimisation even involves opening up **intercontinental flows**.

Just as Italy, with law no. 443 of 2001, has given itself a tool that brought together the widely-fragmented nationwide decision-making level by acknowledging the strategic ("systemic") value of individual infrastructure projects, **the European Union must - inevitably - take on a leadership role in the strategic programming and financing of this sector.**

The **Van Miert Group** has been working along these very lines, under the auspices of the Vice President of the Commission, De Palacio, and the identification of **priority projects** is the first important result.

I repeat, it is a **first result** in an increasing commitment of strategic programming and the provision of financial support, and we are concerned and puzzled by the fact that some people are already trying to scale down that result, or even reverse it.

I believe it necessary to be very clear on this point. Europe – in the strategic programming of the fundamentals of its own development –

cannot be a Europe based on selfishness, haggling about the national interests of each country, with some States depending heavily on alliances concluded to their own exclusive advantage and at the expense of others. **Everyone will lose out** in that way, because it is not a suitable way of responding to the laws of the global economy.

This is a message that Italy, as a **founding country**, is sending out to every country, members and candidates, in the European Union.

Europe, which geographically overlooks the **Mediterranean** and has historically forged its civilisation by trading within and across this Mediterranean basin, cannot – in the age of global competition and maximum economic universality – withdraw into itself, lock itself within its borders, even sidelining anything that remains outside a narrow continental quadrilateral.

If we look at a **chart of the traffic flows between the EU countries**, we can see the image of this distortion, of this risk of protectionism. It is a threat not only to the European countries overlooking the Mediterranean, but also to all the others since it can lead to **isolationism** (economic as well as political) and to a serious loss of the overall competitiveness of the “continent system”.

We know that the EU has launched political initiatives for the Mediterranean dimension. I am thinking mainly of the proposals regarding the *proximity policy* and the *Barcelona Process*, designed to create a Euro-Mediterranean free trade zone. Yet such policies would remain “petitions of principle” if they were not coordinated with an appropriate logistics and infrastructure strategy.

But there is evidence of the need for this coordination in the **communication on proximity policy** for the Euro-Mediterranean network, presented by the Commission in June 2003. What is needed now is for all the Community institutions to coordinate their efforts to rapidly programme and effectively promote the development of the infrastructure network, **consistently with those policies**. Yet this consistency was lacking when, with respect to the priorities identified

by the Van Miert Group, the Commission **did not insert Corridor 8** into the new proposal on the TEN network, the reason being – truly not very far-sighted – that it would extend beyond the present EU borders.

I believe that the current discussions regarding the priority of **intermodal Corridors 5 and 1** are barely the first signs of this **new dimension of continental economy growth problems**. In programming works of these dimensions, which will be ready in the next 10-20 years, we need enough imagination and intuition to guess what the world will be like in 20 or 40 years.

So it would be very serious if in these discussions a **regressive vision of national interests**, stopped at contingent data, ended up prevailing over the **general interest**, which is that of projecting the entire continent towards its natural expansion basins.

This is the reason why – in the infrastructure sector – it is necessary to promote **new coordination instruments between Member States**, such as the *European coordinator for a specific project* and the *declaration of European interest* for some of the works, with consequent allocation of priority Community funds to them.

Maybe the European transport policy (though I would prefer speaking about *European logistics and infrastructure policy*) doesn't have suitable breathing space yet. All it takes is a look at any map of traffic flow to realise that – with the aid of the Alpine orography – a process of **marginalizing** is already in progress in the whole area overlooking the Mediterranean, while side by side Europe is called to withstand the very high costs of **congestion** of some centre-north areas, therefore losing the competitive edge on two fronts.

We must then ask ourselves 3 questions.

The first is the following:

1. Does the present situation of imbalance (summarised in the "marginalizing/congestion" pair) really represent a common

interest? Or are we victims (on a European level) of a **short-sightedness** similar to that which hit Italy in the 70's, i.e. we can't succeed in foreseeing and imagining our future?

I will try to formulate the second question as follows:

2. Is the Europe we are building, its institutions, its norms (even of a constitutional status) strong enough so that **mutual and general interest** will prevail? Or, on the contrary, are its vital prospects still subject to **vetoes by individual interests**, as happened in Italy before the law of 2001, when a region, a municipality – with the logic of veto or alliance with a neighbour – succeeded in blocking an artery of national importance, or determining a route to their exclusive advantage? I want to say that maybe – in this as in other fields of Community operations – we should think about a **European objective-law**, i.e. a legal, institutional mechanism capable of general interest (which is much different from the interest of the strongest) prevailing for vital matters of development and growth, and therefore giving **political and ideal contents** to the word Europe, without which all our construction is vain.

Last of all, the third question closely concerns the theme of these two days:

3. Is the **Van Miert Plan** and the resistance to its effective and rapid realisation evidence of deeper resistance to this vision of Europe? Are we not going to report the presence of widespread temptation to exploit Community programmes for individual ends?

I entrust you with the answer to these questions, in the hope that my brief account of the Italian experience can help us better understand what our tasks and duties are in the European future.

Italy, founding country and major European contributor, wants to do its share, fighting with strong initiatives for the success of the principles I have shown here.

These principles are today an essential part of its European membership.

Report by Chairman Grillo
on funding initiatives aimed at the construction of networks of
intermodal links among European countries within the framework of
the Conference of Committees competent for Public Works of the
European Union Parliaments, of the Member Countries and of the
Candidate Countries
Chamber of Deputies 13 - 14 November 2003

Foreword

Dear colleagues,

as already mentioned in Chairman Armani's report, the Italian system in the last two years has undergone radical change involving the introduction of new laws aimed at facilitating the design and construction of public works which we consider the country needs in order to respond to the challenge of competition and in order actively to participate in a European Union enlarged to include all the countries represented here.

Parliamentary approval of the "legge obiettivo" and the promulgation of the relevant enabling legislative decree, the mechanisms of which were

illustrated to you yesterday (law no. 443 of 2001 and legislative decree no. 190 of 2002), represented the first step, and was followed by the approval of law no. 166 of 2002 (the so-called "collegato infrastrutture") to accelerate the new public work programme in which the ruling Government has invested a substantial proportion of its political programme. This country actually suffers from an infrastructure gap that calls for work to be done to bring it up to par in many sectors of the intermodal networks. The South of the country is in the worst plight as it has an absolute need to be linked to the rest of Europe so as to allow the whole country to participate fully and actively in the Union.

The emergency with which many European executives, including Italy, have had to cope is the scarcity of public resources to invest in infrastructure projects, also because of the current phase of generalized recession. This led Parliament to accompany the so-called "legge obiettivo" with provisions that have enhanced, or in some cases even created from scratch, mechanisms designed to attract private investment to be applied to the construction of public works cofunded with resources drawn from the state budget.

Law no. 166 of 2002 was thus integrated with the law regulating public works contracts (law no. 109 of 1994), also in the section concerning project funding, thus making it easier for private capital to flow into public works constructions; the Infrastrutture Spa company was set up for the specific purpose of supporting the funding of high-speed railway networks; a rotating fund for public works (FROP) was set up with the aim of supporting the public administration in the development of this sector.

The underlying idea is that the support of private capital to public works having highly profitable characteristics can free public resources that can then be applied to the construction of equally useful but less profitable infrastructures in more disadvantaged areas of the country. I shall therefore briefly outline how these resource-locating mechanisms function, indicating how for this country they represent the trump card for winning the challenge represented by any significant boosting of Italian infrastructures.

Project financing

Project financing consists of a mechanism of partnership between public and private sectors aimed at the construction of public works which, along the lines of the Anglo-Saxon model, Italy introduced into its legislation as early as 1998. The actual legislative provisions were too timid for any practical use and did not produce the desired effects.

The difficult balance to strike in this kind of legislation is that of satisfying such widely differing interests as the safeguarding of the public interest associated with the construction of infrastructure to be used by the community and the guarantee of profitable investment to investors who are free to use the same resources for other kinds of business operations. Consequently, in the present Parliament important amendments were made in the legislation governing project financing (by means of law no. 166 of 2002), which, as far as the use of this instrument is concerned, impose sure and certain rules of behaviour on all the subjects involved, as well as transparency of the procedures followed and certainty for the market.

Parliament and the Executive thus both hope that, at this stage, each of the parties involved will do what is required of them. Since the main subjects involved in this legislation are four in number - the public administration, the local administrators, the banks - which under the new

legislation can be included among the subjects promoting the works - and the entrepreneurs, it would appear necessary that the latter in particular should become accustomed to thinking in terms of project financing.

In other words, the need is felt for the new figure of entrepreneur-manager who, in this country, has never been a prevalent figure. The challenge is that of working a cultural change in which resources are directed, for example in the banking sector, towards profitable works that facilitate the activity of the administrations and provide efficient services for the community.

However, this change already seems to be under way: a fact-finding survey carried out by the Public Works Committee of the Senate of the Republic on the Italian infrastructure situation and on the application of the regulatory norms concerning large-scale public works showed that both the central administration of the State and that of the local and regional authorities have begun to set up interconnected operative technical structures for the purpose of providing material support to the administrations in the management of complex project financing procedures in the hope that this might have a vigorous pump-priming effect concerning the introduction of regulations within a reasonably short

period of time. Through the same fact-finding survey the Committee also earned the highly favourable judgment of banks and banking foundations and their willingness to intervene concretely in this mechanism, also in the capacity of promoting subjects and not just in that of advisors during the phase of asseveration of the financial plans on the profitability of the works.

The Infrastrutture Spa company

The other instrument adopted by the Italian Government in its intervention in the infrastructure sector is the Infrastrutture spa company (ISPA), established by decree law no. 63 of 2002, converted into law with amendments as law no. 112 of 2002. In the 2003 Budget law the financing of the high-speed railway network has been assigned to this body.

The model followed is that of several companies already operating in Europe, such as the French CDC, the German KfW, the Spanish ICO and the Austrian OKB. It acts as a financial, not a banking, intermediary.

The company mission is to finance and provide guarantees for the construction of infrastructures and for investments to promote economic

development, pursuing a purely economic logic. This means that the company has to operate through a market approach in an investment sector that up to only a short time ago had been left to typically public interventions.

ISPA is a company that is 100% controlled by the Deposits and Loan Fund, a section of the Ministry of the Economy that acts as an independent structure and has a strong capital endowment. The company must observe the balance of assets and liabilities imposed on all joint-stock companies but, as it does not have the distribution of dividends to shareholders as its ultimate aim, it can guarantee financing at lower costs. It must however pay careful attention to the profitability of the investments it intends to make and, in this regard, the company has carried out a classification of investment types and relative risk rates.

In a country like Italy, which needs to improve the quality of its infrastructures and to construct them in important areas of the country in which they are lacking, it may thus be considered that this will prove a successful instrument and that this Executive will be able to use it in the most efficient way.

Public works revolving funds (FROP)

FROP is a public financial instrument established in the 2003 Budget Law, and located in the General Direction of the Deposits and Loans Fund of the Ministry of the Economy, the aims of which are to provide financial support to the administrations, assisting them in the construction of public works by means of project financing contributions.

The Fund takes the form of a rather complex financial mechanism, at least from the accounting point of view, the aim of which may be summed up as follows: to transform the outright cash grant normally made to the administrations by the State for the construction of public works into a contribution for operating expenses for the concessionaire of the construction of the work itself.

This kind of instrument offers a series of advantages to the State: an accurate assessment of the overall cost of the completed work, an equally accurate assessment of its future profitability and the worth of its financial plan, a greater flexibility of the state contribution, which will be geared to

the real needs of the concessionaire of the works, and a more thorough control over the concessionaire by the authorizing public administration. This instrument also makes it possible to gauge the timing of concession renewal more satisfactorily.

Without going into financing mechanisms in detail, what is important to emphasize is that the FROP simulations, for example, concerning the construction of a motorway facility have indicated savings of more than fifty percent and in some cases the complete elimination of the outright cash grant made by the State. It is therefore likely that the proper functioning of an instrument like the one described above sets up a virtuous circle of wiser and more effective public spending and a better allocation of state budget resources, which can have a multiplying effect on the economy.

The development of trans-European networks of intermodal links among European countries

By means of the operating instruments described so far, Italy therefore proposes to give a decisive impulse to infrastructure

development which is proving decisive for European Union policy as a whole. In particular, Italy deems it to be of strategic importance, also owing to its position in the Mediterranean, to develop trans-European connection links with all the other countries of the Union, with special reference to the development of rail networks and above all of the "Sea highways" that are essential, among other things, for the construction of both "corridor V" and "corridor VIII".

In this connection therefore, law no. 166 of 2002 appropriated funds to be used for the development of intermodal centres and to boost the high-speed railway sector. Furthermore, the Executive is modernizing and enhancing the security of seaport structures that, in a country like Italy, which is surrounded by sea on three of its four sides, represents a fundamental aspect of the intermodal system also for the purpose of increasing the use of sea rather than land highways, above all for goods transport. This also affords considerable savings in terms of environment and health.

Conclusions

This brief outline of the new legislative instruments introduced in Italy to address the complex issue of the development of intermodal communications networks among the countries of the Union will hopefully be of use in providing a concise knowledge of this country's legislative system for the representatives of all the national parliaments of European Union members as well as for the representatives of those countries shortly to become members. It is hoped that all can contribute to the common effort regarding these issues.