



transport planning

fuel-efficient

green vehicles

car sharing

## Poland: Transport

Position of environmental NGOs – discussion paper by Polish Green Network  
/ CEE Bankwatch Network, June 2012

### Introduction

For the 2007-2015 period 67 billion euro from the EU budget has been made available to Poland under the Cohesion Policy. Transport is the sector receiving the most support, amounting to 16 billion euro (24.1% of the total). Negotiations regarding the size and division of the next Multiannual Financial Framework are still ongoing; nevertheless, the Polish government hopes to receive similarly generous support under the Cohesion Policy 2014-2020 (possibly up to 80 billion euro). Proportions of financing differing sectors will definitely change, but transport will remain high on the priority list.

Therefore we are dealing with an unprecedented scale of investment in transport infrastructure, which will shape the future of Poland's transport system for decades to come. Environmental NGOs which promote sustainable development cannot therefore refrain from participating in the discussion on the spending of European funds 2014-2020 in the transport sector. This document is anticipated to be a starting point for the discussion and preparation of a detailed position of environmental NGOs, which will be presented to both the Polish government and the European Commission.

### Financing various transport modes – funding allocations

Out of the different transport modes supported by European funds between 2007 and 2015, the main focus has been on road transport. In the Operational Programme Infrastructure and Environment, which is the programme supporting large projects of national importance and has the largest budget, road transport takes up 57% of the available transport allocation (over 11 billion euro). In comparison, the planned support for rail transport is 25% of the transport allocation in this programme (4.8 billion euro).

This disproportion in financing road and rail transport, not limited only to European funds, is reinforcing the last trend of the last two decades of shifting both passenger and freight transport in Poland from rail to road. This stands not only in obvious opposition to the sustainable development principle, but also to European transport policy (e.g. to the 2011 White Paper goal of shifting 30% of road freight transport over 300 kilometers to environmentally friendly modes by 2030 and 50% by 2050).

Environmental NGOs call for a reversal of the proportion of financing road and rail transport under Cohesion Policy 2014-2020, with a 2:1 ratio in favour of rail. In addition, the allocation of funds for public urban transport and promoting sustainable urban mobility must be increased.

Numerous investments in air transport infrastructure have been foreseen under the Cohesion Policy 2007-2013 in Poland (airports in the TEN-T network financed from the Operational Programme Infrastructure and Environment and regional airports financed from Regional Operation Programmes), with EU support reaching 800 million euro. From the sustainable development perspective, the fact that air transport is the most intensive mode in terms of greenhouse gas emissions, at the same time enjoying fiscal privileges, is enough to question public support for this transport mode. In addition, opening new regional airports translates to a burden for taxpayers who need to bear the cost for many years of their financial support. These airports are not able to generate the traffic which would ensure their profitability and for this reason local authorities are forced to support them, both directly as shareholders and indirectly, offering payments to airlines disguised as "promotion of the region", which in reality is compensation for sustaining any passenger connections. The practice of purchasing promotional services from an airline concerns at this moment, for example, airports in Bydgoszcz



and Rzeszów. It is also difficult to expect that without extra incentives, airline companies would offer connections to the newly constructed airports serving cities such as Lublin or Olsztyn. Environmental NGOs resist granting European funds for air transport, particularly for the construction of new regional airports.

Inland water transport is assumed to be an environmentally friendly mode. However, it should be taken into account that its promotion, in the case of Poland, would imply the destruction of naturally valuable river valleys, to a large extent protected under Natura 2000. The development of this transport mode to the level where it would play any meaningful role in modal split would require extensive investments with a high impact on nature. We believe that in Polish conditions European funds should not be directed to the development of inland water transport.

### **User charges in rail and road transport**

Policies regarding user charges are of great significance for the effectiveness of transport investments. Currently, access charges to rail infrastructure in Poland are among the highest in the EU, particularly for freight operators; the situation is the opposite in the case of roads. Investing in railways in such conditions will only deliver limited results, because improving the state of infrastructure in itself is not enough to support a larger share of rail in freight transport.

In addition, EU projects in rail transport in the 2007-2013 period are treated as revenue-generating, which means that the co-financing rate from European funds after calculation of the so-called funding gap is currently a maximum 70%. This is related to the fact that the infrastructure operator PKP PLK SA collects user charges which can be used to partially refund the investment costs.

In turn, road projects receive 85% of EU co-financing, with the assumption that they do not generate revenues. In the case of motorways constructed with EU support, e.g. Stryków-Konin, in early 2012 the government announced a reduction in user charges, in order for the projects not to generate too much revenue, which would translate to reducing the EU co-financing rate.

Environmental NGOs insist that an appropriate user charging policy which benefits rail transport is a foundation for the success of EU transport investments in Poland. Railway projects should not be discriminated against by a lower co-financing rate than road projects; to the contrary, road projects should be financed less from public money and more refunded from user charges.

### **Problems related to investments in rail transport**

Throughout the 2007-2013 period we have been witnessing a systemic inability of the railway infrastructure manager PKP PLK SA to prepare and implement modernization projects financed from EU funds. Unlike the case of road projects, the absorption of funds for rail projects is dramatically delayed and there is a high risk that the money will not be used until 2015. This situation is a consequence of many years of the government's negligence in relation to the institutional capacity, management or strategic planning at PKP PLK.

In June 2011 the government approached the European Commission with a formal request to shift 1.2 billion euro from rail projects to road projects, in this way demonstrating resignation from introducing repair measures which would allow the uptake of funds for rail projects. Until now the Commission's answer has remained negative, supported by environmental NGOs as well as rail and passenger organizations from the entire EU.

Environmental NGOs call upon the government to accelerate the necessary reforms in PKP PLK SA and to ensure the early preparation of a sufficient number of good rail projects which could be financed in the 2014-2020 period.

The difficulties in implementation of EU rail projects were also connected to the focus on comprehensive upgrades raising the parameters of railways to European standards (160 km/h for passenger and 120 km/h for freight trains). Without questioning the need to implement full modernization along many key transport corridors, we support the government's new approach which entails more so-called railway infrastructure rehabilitation projects, bringing back the original parameters, removing bottlenecks and improving the capacity of railways. These types of projects are particularly important for freight operators, whose needs, until now, seem to be relatively poorly reflected in the planning of EU-financed rail projects. The advantages of rehabilitation projects are the relatively short possible time of implementation and lower costs, implying the possibility to cover a larger share of the Polish railway network which otherwise would be undergoing rapid degradation.

In relation to the planned high speed railway, environmental NGOs support the latest position of the government, according to which the project will be significantly postponed, while the current investment efforts will concentrate on upgrading the parameters of the existing railway network.



Concerning purchase of the rolling stock, we would like to emphasize the need to choose solutions ensuring maximum effects for the passenger in relation to costs. An evident contradiction to this principle is the purchase of the expensive Pendolino without the tilting system. The trains will not be suited to run at the maximum speed allowed by the modernization of the Warsaw-Gdansk railway line, which is also a project financed by the EU.

### **Maximizing the effects of investments in urban transport**

European funds 2007-2013 have supported many positive investments in urban transport, such as the construction of the second metro line in Warsaw, the purchase of buses and trams or expanding trams systems. From the point of view of the passenger, the effects of these investments are not always satisfactory in view of making public transport more attractive as an alternative to the car. Upgrading the tram line along Aleje Jerozolimskie in Warsaw can be one such example. After the project was implemented, travel time was not reduced – in fact, it actually increased, as trams are stopped for too long at traffic lights. This has led to congestion on the tram line.

The overall goal of investments in urban transport should be to promote sustainable mobility and decrease the share of travel by car. For this reason, upgrades of tram lines or purchase of new trams should be integrated with actions such as separating tram tracks from car traffic and limiting the possibility to access the city centre by car. This way public transport will really become privileged and more competitive.

Environmental NGOs call for scaling up investment in promoting sustainable mobility in cities, including urban transport. The goal should be to ensure maximum effectiveness of those investments through concentration on results from the passenger's point of view, as well as linking those investments to limiting the access of cars to city centres.

**Contact person:**

Patrycja Romaniuk

[patrycja.romaniuk@bankwatch.org](mailto:patrycja.romaniuk@bankwatch.org)