EIB Media Brief

November 2010

Challenges for the EIB in the transport sector

For more information

Anna Roggenbuck
EIB Campaign Coordinator
CEE Bankwatch Network
annar@bankwatch.org
(+ 48) 509 970 424

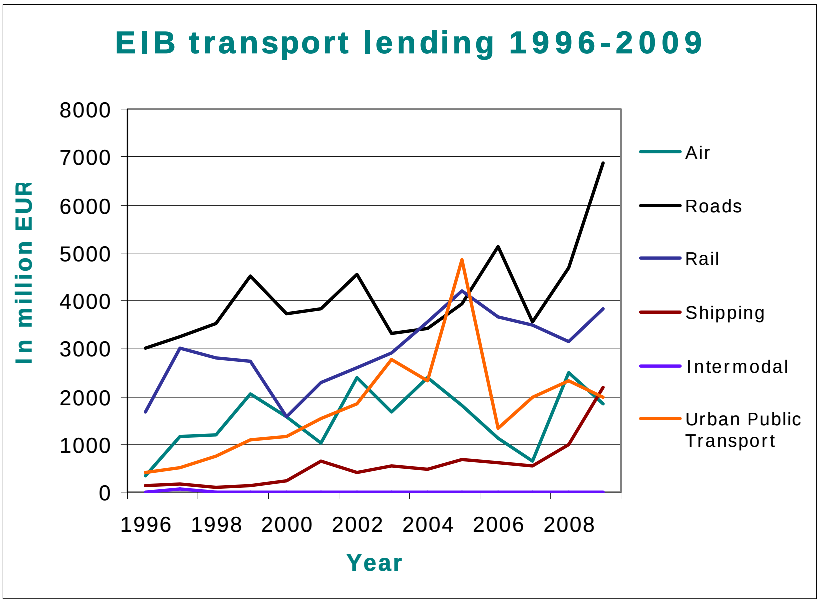
Pavel Pribyl
Transport Coordinator
CEE Bankwatch Network
Pavel.pribyl@bankwatch.org
(+ 420) 603 207 249

The EIB is one of the key institutions in implementing EU policy. It is one of the very few institutions that can really influence EU infrastructure investments on a very large scale by meaningful use of its funds.

Unfortunately, there is increasing evidence that the bank's transport investments are promoting carbon intensive transport, even since the approval of the current transport policy in 2007 which claims to put climate issues at its heart.

The EIB's transport investments under its 2007 transport policy

In spite of the welcome emphasis on climate considerations, the EIB's 2007 transport policy has not led to positive changes in the EIB's transport lending. The graph below illustrates the trends in the EIB's investments (by volume) before and since the new policy was in place.[1]



[1] The figures used are based on the projects listed in the EIB's annual reports and may thus differ from the figures reported by the EIB on p.7 of its own transport issues paper published in 2010. Annual report figures were used in order to maintain consistency with the figures from the years before 2007.

- Lending for road transport (not including car manufacturing or R&D) has greatly increased under the new policy.
- There has been a dramatic decrease in lending for urban public transport since its peak in 2005.
- Rail lending has declined slightly since its 2005 peak.
- Aviation lending has fluctuated with a very gradual upward trend.
- Shipping lending has grown since 2007.
- Intermodal transport is hardly being supported at all, unless it is being done under other categories without being identified.

A breakdown of the EIB's transport and related industry investments from 2006-2009 shows that out of a total of EUR 67.6 billion lent over the period, 45 percent (EUR 30.2 billion) went for road-based transportation alone; with a further 9 percent (EUR 6 billion) for aviation, making 54 percent for the most carbon intensive modes compared to 32 percent for the modes with a smaller climate impact - rail and urban public transport.

The situation in Central and Eastern Europe gives even more cause for concern, with at least 66 per cent of investments being made into roads (with additional unknown quantities of the mixed category investments also comprising road investments).

What now for the EIB?

1. The EIB should not confuse the whole transport system with the EIB's contribution. While it is clear that all modes have relevance for the transport system as a whole, the role of the EIB and other public financing bodies is to contribute to achieving policy goals that would not otherwise be achieved, such as greenhouse gas reduction or support for measures that would not arise through the application of the user-pays principle.

2. The EIB needs to assess scenarios of future transport needs and favour measures based on the Avoid, Shift and Improve approach that will contribute to de-carbonization and will meet other environmental, social, but also financial imperatives.

3. It must actively seek to finance projects that reduce transport demand and focus on selective supplementary infrastructure measures - like e.g. user friendly public transport terminals, deeper integration of suburban/ regional rail into the transport system in urban areas, investments into public logistics centres that would ease the development of combined transport, pedestrian and cycling based urban developments.

4. The EIB needs to set up clear screening criteria to be used for the proposed measures and individual projects to pass to a higher level of consideration. Those criteria need to be clearly linked to excluding projects on the basis of their negative climate impact and taken into account following aspects:

- Contribution to the decarbonisation of the sector (a credible and transparent methodology to perform the carbon accountancy of the measures and projects needs to be developed),
- Compliance with the EU 2020 climate goals,
- Respect for the NATURA 2000 sites,
- Respect for human settlements (e.g. reducing or eliminating external costs such as noise, fragmentation).

Only such measures and/or schemes that pass the exercise should be able to continue to a further level of consideration where also other aspects (Multi-Criterial Analysis, Cost-Benefit ratio) would be considered.

5. While RDI is an acceptable target for public financing, it cannot be the main plank of the EIB's transport emissions reductions strategy, as it does not address the question of growing traffic volumes.

6. In addition, the increase in efficiency in itself, if not accompanied by rises in fuel costs, would to some extent lead to increases in transport. In 2009 the amounts lent for automotive RDI by the EIB were extremely high and it is to be hoped that such levels of support for the private automotive industry will not be repeated.

7. The EIB should not finance car manufacture at all, since it is not a public interest objective and should be carried out through private investment. If the EIB wishes to support employment in convergence regions it would be much more far-sighted to support emerging industries such as renewable energy and energy efficiency.

8. The EIB needs to concentrate any investments in the road sector on maintenance of existing routes and safety improvements.

9. Considering that aviation is by far the most carbon-intensive sector and that it is already subsidised through lack of tax on kerosene and lack of VAT on air tickets, the EIB needs to stop financing the air transport sector, particularly airport expansion.