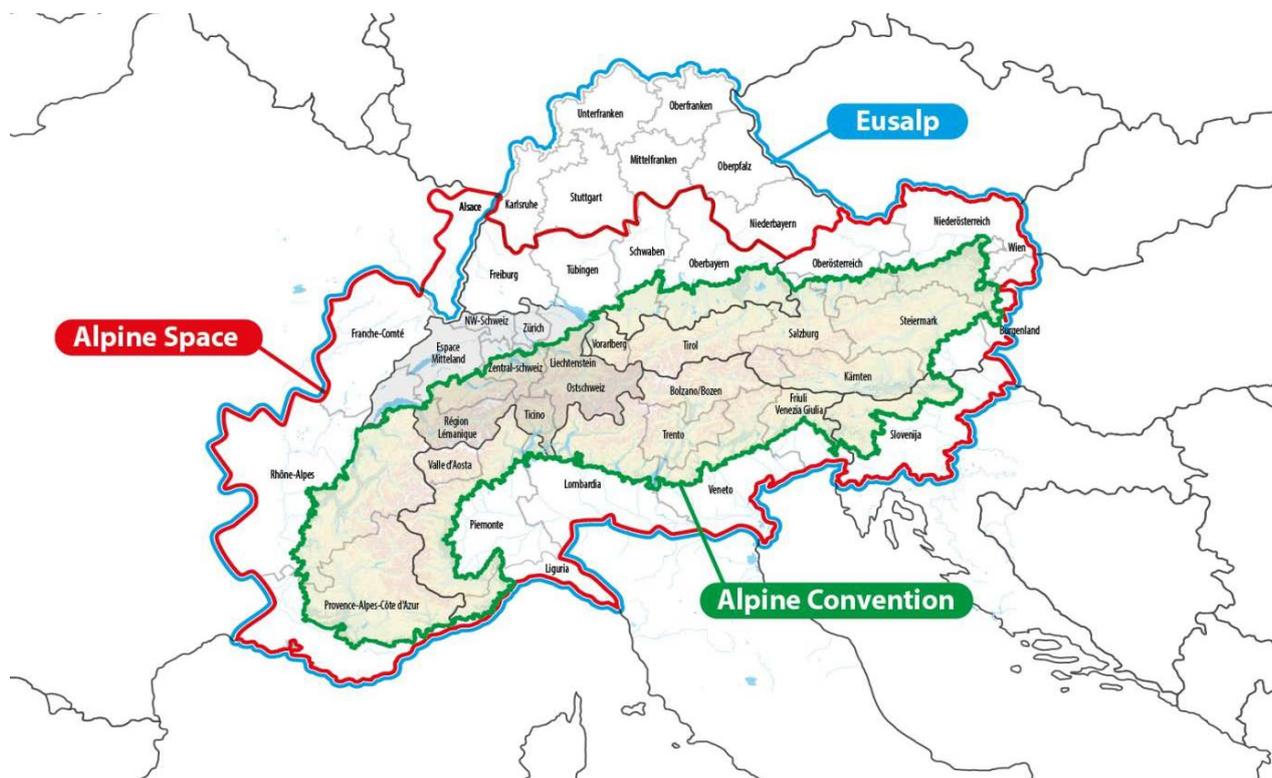


## RESEARCH FOR TRAN COMMITTEE - ALPINE TRANSPORT AND TOURISM IN AUSTRIA, GERMANY AND ITALY

This overview of the transport and tourism sectors in Austria, Germany and Italy was prepared to provide the information for the mission of the European Parliament's Committee on Transport and Tourism (TRAN) to the three Alpine countries (18-20 July 2016).

**Map 1: The Alpine region as defined in the EUSALP, the Interreg Alpine Space Programme<sup>1</sup> and the UN Alpine Convention<sup>2</sup>**



Source: European Commission<sup>3</sup>

On 28 July 2015, the European Commission (EC) launched the **European Union Strategy for the Alpine Region (EUSALP)**. This macro-regional strategy concerns around 80 million inhabitants, 48 regions and seven countries: five Member States - Austria, France, Germany, Italy and Slovenia - and two non-EU countries - Liechtenstein and Switzerland<sup>4</sup>. The EUSALP aims to contribute to a better cooperation between the regions and states, helping them tackle the challenges that the Alpine region faces. It identifies the following three thematic policy areas:

<sup>1</sup> [The Alpine Space Programme \(ASP\)](#) is part of the European regional policy of territorial cooperation. Its overall aim is to increase the competitiveness and attractiveness of the cooperation area in a sustainable way. With a budget of over EUR 139 million for the 2014-2020 period, ASP supports transnational projects in the Alpine area fostering territorial development and cohesion.

<sup>2</sup> [The Convention on the protection of the Alps \(Alpine Convention\)](#) is a framework protocol-based multilateral agreement that sets out the basic principles of a coordinated regional policy and includes general measures for the sustainable development of the Alpine region. The eight Alpine countries and the European Union are parties to this convention, which entered into force in Mar 1995.

<sup>3</sup> European Commission - DG REGI (Regional Policy) - The EU Strategy for the Alpine Region, 28 Jul 2015, [Annex II](#).

<sup>4</sup> EUSALP comprises the following regions (NUTS2) that are of relevance to this briefing: **in Austria**: Burgenland, Lower Austria, Vienna, Carinthia, Styria, Upper Austria, Salzburg, Tyrol and Vorarlberg; **in Germany** - Stuttgart, Karlsruhe, Freiburg, Tübingen, Upper Bavaria, Lower Bavaria, Upper Palatinate, Upper Franconia, Middle Franconia, Lower Franconia and Swabia; **in Italy** - Piedmont, Val d'Aosta, Liguria, Lombardy, Bolzano, Trento, Veneto and Friuli-Venezia Giulia.



1. **Economic growth and innovation** with, for example, the development of research activities on Alpine-specific products and services (inter alia on agro-, health- and sustainable year-round tourism).
2. **Connectivity and mobility**, where promotion of intermodality (here understood as the possibility to combine several means of transport during the same journey) is recommended, in particular by:
  - removing infrastructure bottlenecks, bridging missing links and modernising infrastructure; and
  - enhancing cooperation and coordinated planning and improving timetables for public transport.
3. **Environment and energy**, with the pooling of mutual resources to preserve the environment and promote energy efficiency in the region.

Additionally, there is a horizontal policy area distinguished in the EUSALP, which focuses on building a **sound and efficient governance model** for the Alpine region<sup>5</sup>.

The EUSALP was endorsed by the Council of the EU on 27 November 2015<sup>6</sup>. Since 2013, the European Parliament (EP) has been calling on the EC to establish a macro-regional strategy for the Alpine region, following the results and learning experience afforded by the EU Strategy for the Baltic Sea Region and the EU Strategy for the Danube Region<sup>7</sup>. On 15 June 2016, Parliament's Committee on Regional Development (REGI) adopted its report on the EUSALP<sup>8</sup>. In relation to transport, the report underlines, among other factors, the importance of connecting transport routes with other parts of Europe and of creating interconnections with TEN-T corridors while making optimum use of existing infrastructure. It stresses the need to improve transport connectivity among the participating countries, including local, regional and cross-border transport and intermodal connections with the hinterland. Moreover, the report calls on the Member States to introduce sustainable transport policies in line with the Paris COP21 targets and to support the preservation and maintenance of ecosystem services throughout the entire alpine macro-region. The need to prioritise modal transfers with a view to shifting from road to rail, in particular for freight, is also mentioned in the REGI report<sup>9</sup>.

## 1. TRANSPORT

### 1.1. Main economic and societal parameters of the transport policy

The location of **the Alps** straddles some of Europe's most industrially productive countries, including areas with strong economies, high population densities and high tourism intensities. These are preconditions for high levels of passenger and freight transport as well as commuting. Consequently, and as a result of EU market integration, transport volumes have risen continuously in recent decades. In the Alps, 72% of the total traffic volume of all transport modes (vehicle-kilometres) consists of local and regional inner-Alpine traffic, with tourism and recreational traffic accounting for 20% and transit traffic for only 8%. In freight transport, about 19% of road crossing transport movements are definitely trans-Alpine, neither originating nor ending in a region that is at least partly within the Alps. About 33% of transport movements take place between regions that are at least partly within the Alps, while about 47% are between partly Alpine and non-Alpine regions<sup>10</sup>.

Consumer satisfaction with **Austrian** transport is good, especially as regards urban transportation, for which the country receives the third highest satisfaction rating in the EU. As far as the quality of infrastructure is concerned, Austrian roads are ranked the second best in the entire EU by respondents to the World Economic Forum survey<sup>11</sup>. Austria's rail and air transport infrastructure are rated positively as well. The average time it takes to import and export into Austria is shorter than the EU average. As regards TEN-T, the entire Austrian inland waterways system is part of the Rhine-Danube CNC. Completion of the conventional rail core network stands at 72%, of the high-speed rail core network at 37%, and of the road core network at 97%<sup>12</sup>. Austria's road safety score improved in 2014 as compared to 2013, standing equal to the EU average of 51 fatalities per million inhabitants. The share of employment generated by high-growth transport enterprises is lower than the EU average (6% versus 8%)<sup>13</sup>. The share of renewable energy in transport fuel consumption in Austria is the third highest in the EU (7.5% compared to 5.4% of the EU average)<sup>14</sup>.

<sup>5</sup> European Commission - DG REGI (Regional Policy) - [The EU Strategy for the Alpine Region](#), 28 Jul 2015.

<sup>6</sup> European Commission - DG REGI (Regional Policy) - [Council Conclusions on the European Union Strategy for the Alpine Region](#), 27 Nov 2015.

<sup>7</sup> European Parliament - [European Parliament resolution of 23 May 2013 on a macro-regional strategy for the Alps](#).

<sup>8</sup> The REGI report on the EUSALP will be put to the vote at the EP's plenary session in September 2016.

<sup>9</sup> European Parliament - REGI report on the EUSALP, 15 Jun 2016.

<sup>10</sup> Swiss Confederation - Federal Department for the Environment, Transport, Energy and Communication (DETEC) - [Sustainable Mountains Development in the Alps](#), 2012, p.9.

<sup>11</sup> European Commission - DG MOVE (Mobility and Transport) - Austria Country Scoreboard - [People](#), Nov 2015.

<sup>12</sup> European Commission - DG MOVE (Mobility and Transport) - Austria Country Scoreboard - [Investments and Infrastructure](#), Nov 2015.

<sup>13</sup> European Commission - DG MOVE (Mobility and Transport) - Austria Country Scoreboard - [People](#), Nov 2015.

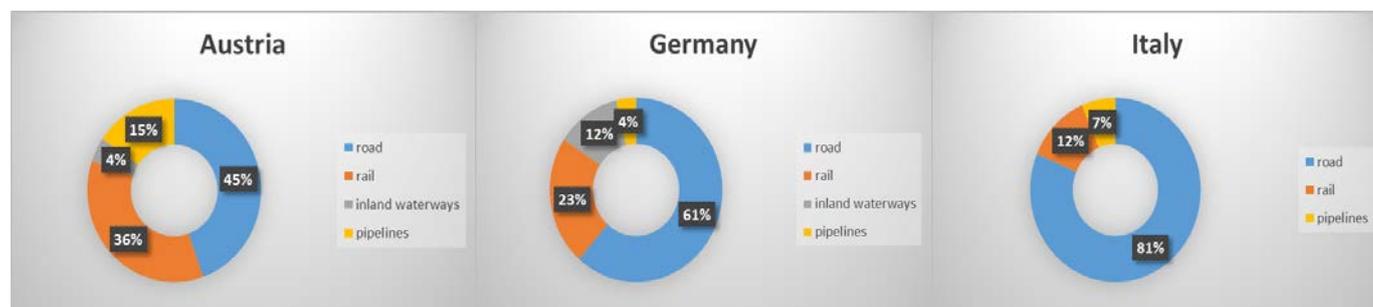
<sup>14</sup> European Commission - DG MOVE (Mobility and Transport) - Austria Country Scoreboard - [Energy Union and Innovation](#), Nov 2015.

**Germany** receives high ratings for its transport infrastructure for all means of transport, although the ratings are slightly less positive than in the previous reporting period (2011-2012). The TEN-T core network is already completed for Germany's inland waterways and nearly so for its conventional rail network. As regards high-speed rail and road, the completion rate is close to 60%<sup>15</sup>. Consumer satisfaction with all means of public transport in Germany is higher than the EU average, with a positive tendency as regards rail travel but a negative one as regards urban and air transport. The share of women employed by transport companies in Germany is 2 percentage points higher than the EU average of 23%<sup>16</sup>. With 6.3%, Germany is among the top five performers in the EU as regards the share of renewable energy in fuel consumption for transport (5.4% is the EU average). The amount of time drivers in Germany spend in traffic jams is slightly below average. As regards private investment in research and development in the transport sector, Germany is far ahead of all the other Member States<sup>17</sup>. In terms road safety, with 42 fatalities per million inhabitants Germany was ranked eighth in the EU in 2014<sup>18</sup>.

**Italy's** transport infrastructure receives ratings slightly below the EU average, with a slight decrease since the last reporting period (2011-2012) on some of them. Particularly, the quality of maritime ports infrastructure receives low ratings, and Italy was ranked 19 out of 23 Member States in this respect. Moreover, the country does not perform well on the average time to import and export goods by sea, which is more than 18 days (compared to the EU average of 11 days, and to 5 days in Denmark, ranked first in this area). The completion rate of the TEN-T core network in Italy is for the most part close to the EU average, except for the inland waterways core network, for which completion stands at 61% as compared to an EU average of 89%<sup>19</sup>. Italy records low consumer satisfaction with urban, air and rail transport, although satisfaction with rail transport has improved considerably in recent years. In 2014, Italy was ranked 11th of the Member States as far as road safety score is concerned (a slight improvement on 2013)<sup>20</sup>. As regards the use of alternative fuels in new passenger cars, Italy registers the highest score due to the sales of LPG and LNG vehicles<sup>21</sup>.

The analysis of the modal split in Austria, Italy and Germany reveals that roads hold a dominant share in the transportation of passengers (measured in percent of passenger-km). Interestingly, as far as freight is concerned Austria reported a road share of 45% (measured by volume) in 2014, with rail and inland waterways together accounting for as much as 40% of transportation of goods. From among the three analysed countries, the largest share of road carriage in freight transport is reported for Italy (81%), followed by Germany (61%) in the same year (see Figure 1 for more details).

**Figure 1: Modal split of freight transport in Austria, Germany and Italy (in % of tonne-km)**



Source: European Commission<sup>22</sup>

## 1.2. Transport networks

Transportation between the three countries is organised along the north-south axis and involves the passages through the Alps. The Alpine region is crossed by five (out of nine) TEN-T core network corridors (CNCs), which will now be briefly described.

The **Scandinavian-Mediterranean Corridor (SMC)** is the only core network corridor (CNC) that connects **Austria, Germany and Italy** with each other. SMC is the longest of all the CNCs in the EU and, apart from the three countries, it also encompasses Denmark, Sweden and Finland in the north and extends across the sea to Malta on the south. Moreover, the northern part of the SMC has a branch leading towards Norway - a non-EU country.

<sup>15</sup> European Commission - DG MOVE (Mobility and Transport) - Germany Country Scoreboard - [Investments and Infrastructure](#), Nov 2015.  
<sup>16</sup> European Commission - DG MOVE (Mobility and Transport) - Germany Country Scoreboard - [People](#), Nov 2015.  
<sup>17</sup> European Commission - DG MOVE (Mobility and Transport) - Germany Country Scoreboard - [Energy Union and Innovation](#), Nov 2015.  
<sup>18</sup> European Commission - DG MOVE (Mobility and Transport) - Germany Country Scoreboard - [People](#), Nov 2015.  
<sup>19</sup> European Commission - DG MOVE (Mobility and Transport) - Italy Country Scoreboard - [Investments and Infrastructure](#), Nov 2015.  
<sup>20</sup> European Commission - DG MOVE (Mobility and Transport) - Italy Country Scoreboard - [People](#), Nov 2015.  
<sup>21</sup> European Commission - DG MOVE (Mobility and Transport) - Italy Country Scoreboard - [Internal Market](#), Nov 2015.  
<sup>22</sup> European Commission - DG MOVE (Mobility and Transport) - EU Transport Scoreboard 2015 - [Austria](#), [Germany](#) and [Italy](#).

According to the work plans drawn up for all nine core network corridors in 2015, the SMC is ranked first in terms of both the number of projects required to complete the entire corridor (over 400) and the costs needed to be borne for all the necessary investments, which are estimated to exceed EUR 140 billion (some 22% of the total investment budget foreseen for all CNCs)<sup>23</sup>. The cost of realisation of tunnel projects in the SMC is estimated at 36% of the total CNC investment budget, a share which reflects the fact that some very large construction projects are located there, namely the Fehmarn-Belt Fixed Crossing and the Brenner Base Tunnel<sup>24</sup>.

**Map 2: TEN-T Core Network Corridors - Focus on the Alpine region**



Source: European Commission<sup>25</sup>

The **Brenner Base Tunnel (BBT)** is a double-tubed tunnel between Austria and Italy that runs from Innsbruck to Franzensfeste/Forzezza over a distance of 55 km. The entire BBT system is 64 km long if one includes the rail link bypassing Innsbruck, which has already been built and will be upgraded with an emergency tunnel. The rail traction will allow trains to travel at a maximum speed of 250 km/h for passenger trains and 120 km/h for freight trains. The estimated total costs of the BBT project stand at EUR 8.8 billion (at 2014 prices) and its completion is foreseen by 2025<sup>26</sup>. The project is cofinanced from the EU budget. The maximum EU cofinancing for the project, on the basis of the 2014 CEF call results, may be as high as EUR 1.18 billion<sup>27</sup>. It is expected that construction of the BBT will shorten travel time across the Alpine area from the present two hours to 55 minutes<sup>28</sup>. Its implementation is expected also to supply sufficient additional rail capacity for Alpine-crossing transport in order to support the modal shift objectives for the Alpine area<sup>29</sup>. Moreover, the realisation of the BBT will have an effect on other rail networks linking northern and southern Europe. Together with the Gotthard-Monte Ceneri axis in Switzerland and the Lyon-Turin rail link, the Brenner rail route will establish a complex of high-capacity rail connections. They will help achieve the environmental objectives set by the EU and ensure the modal shift from road to rail that is so necessary for the future of the ecologically sensitive Alpine region<sup>30</sup>.

The **Baltic-Adriatic Corridor (BAC)** is one of the most important trans-European road and rail axes. It connects the Baltic Sea with the Adriatic Sea, running through a series of industrialised areas between southern Poland (Upper

<sup>23</sup> European Commission - DG MOVE (Mobility and Transport) - Studies - [TEN-T Corridor Studies](#), 2015.

<sup>24</sup> European Commission - DG MOVE (Mobility and Transport) - Studies - Cost of Non-completion of the TEN-T - Table 6: [Split of investment of Each CNC by Type of Investment](#), Jun 2015, p.65.

<sup>25</sup> European Commission - DG MOVE (Mobility and Transport) - TENtec portal - [TEN-T core network corridors](#).

<sup>26</sup> Brenner Base Tunnel Societas Europaea - [Basic Data on BBT Project](#).

<sup>27</sup> Innovation and Networks Executive Agency (INEA) - CEF Transport Projects in SCM - Brenner Base Tunnel [Studies](#) and [Works](#).

<sup>28</sup> European Commission - DG MOVE (Mobility and Transport) - Studies - Cost of Non-completion of the TEN-T - Table 5: [Time Savings for Selected TEN-T Projects](#), Jun 2015, p.56.

<sup>29</sup> European Commission - DG MOVE (Mobility and Transport) - Studies for TEN-T core network corridors - [Scandinavian - Mediterranean CNC Study](#).

<sup>30</sup> European Commission - DG MOVE (Mobility and Transport) - TEN-T core network corridors - [Scandinavian-Mediterranean Corridor](#).

Silesia), Vienna and Bratislava, the eastern Alpine region and northern **Italy**. It includes important rail projects such as the Semmering base tunnel and the Koralm railway in **Austria**, and cross-border sections linking Poland, the Czech Republic and Slovakia.

The **Rhine-Danube Corridor (RDC)** constitutes one of the busiest freight routes of Europe, connecting the North Sea ports of Rotterdam and Antwerp to the Mediterranean basin in Genoa, via Switzerland and some of the major economic centres in the Rhine-Ruhr and Rhine-Main-Neckar, regions and the Milan urban area in northern Italy. This multimodal corridor includes the Rhine as inland waterway. Key projects are the base tunnels, partly already completed, in Switzerland and their access routes in **Germany** and **Italy**.

The Alpine region is also crossed by the **Mediterranean Corridor (MED)**, which runs along the west-east axis and follows the Mediterranean coastlines of Spain and France, crossing the Alps towards the east through northern **Italy** and leaving the Adriatic coast in Slovenia and Croatia towards Hungary. Apart from the Po river and a number of canals in northern Italy, it consists of road and rail. The main missing sections are the projected cross-border rail links between France and Italy ('Lyon-Turin') and between Italy and Slovenia ('Trieste-Divača'), while some rail sections in Italy need to be upgraded in order to remove key bottlenecks<sup>31</sup>. The forecasts provided in the market study of the MED corridor show that there is a strong potential for international rail traffic development on this corridor up to 2030. The implementation of the corridor could potentially shift about 33 million tonnes/year from road to rail (about 2.3 million trucks/year equivalent). The overall rail market share in the MED corridor could increase to 27% in 2030, and with respect to Italian-French freight carriage, this share is forecast to increase to 31% in 2030 (as compared to 16% in 2010)<sup>32</sup>.

The **Lyon-Turin** railway link comprises a 140-km line which will have 87 km of tunnels, including a 57 km twin-bore base tunnel between Saint-Jean-de-Maurienne (France), and Chiomonte (Italy). The cross-border section will extend for 18.1 km on the Italian side, 12.5 km of which will be in the base tunnel. Beyond the Italian portal there will be a 3-km link to the existing line at Bussoleno, including a 2.1-km tunnel and a new station at Susa. The value of the project is estimated at EUR 26 billion, and the line is expected to open in 2028, reducing the Lyon-Turin journey time from 3h 30min to 1h 47min<sup>33</sup>. The cross-border section of the Lyon-Turin rail link was approved for EU cofinancing under the 2014 CEF transport call. The maximum EU cofinancing for this project may reach EUR 813.8 million<sup>34</sup>.

Also touching upon the Alpine area is the **Rhine–Danube Corridor (RDC)**, which connects Strasbourg and Mannheim via two parallel axes in southern Germany, one along the Main and the Danube, the other via Stuttgart and Munich, and with a branch to Prague and Zilina going up to the Slovak-Ukrainian border, through **Austria**, Slovakia and Hungary to the Romanian ports of Constanta and Galati. In total, the road part of corridor has a length of 4470 km, and the largest share is located in Romania. About 78% of the total length of roads in the corridor is classified as motorway, the remaining 22% being ordinary roads<sup>35</sup>. The key aim of the projects is to remove the bottlenecks along the inland waterways and the rail sections from Stuttgart to Ulm and Munich to Freilassing<sup>36</sup>.

### 1.3. Financing of the infrastructure networks

As regards expenditure for the development of the TEN-T in the previous programming periods (2003-2013), Germany spent nearly EUR 69 billion (of which the EU allocation was almost EUR 1.8 billion), followed by Italy (EUR 59 billion - with an EU allocation to the value of EUR 5 billion) and then Austria, which devoted some EUR 18.5 billion to TEN-T projects over the same period (the EU allocation was marginal)<sup>37</sup>. The financing of transport infrastructures in the three countries in the years 2014-2020 is summarised below.

The budget of the 2014-2020 Operational Programme for 'Infrastructure and Networks' in **Italy** amounts to EUR 1.84 billion with EUR 1.38 billion coming from the European Regional Development Fund<sup>38</sup>. Simultaneously, a major investment plan, which envisages a financial commitment of over EUR 21 billion, is being implemented for the expansion and modernisation of the road network and the addition of third and fourth lanes to approximately 900 km of highways<sup>39</sup>. In **Germany**, the Federal Government dedicated some EUR 83 billion for implementation of the current 2003 Federal Transport Infrastructure Plan. Of this total, EUR 66 billion (excluding the planning reserve) has been earmarked for the construction of new and the upgrading of existing federal railway infrastructure, federal

<sup>31</sup> European Commission - DG MOVE (Mobility and Transport) - [TEN-T core network corridors](#).

<sup>32</sup> European Commission - DG MOVE (Mobility and Transport) - Studies for TEN-T core network corridors - [Mediterranean CNC Study](#), pp.205-207.

<sup>33</sup> International Railway Journal - [France and Italy Sign Lyon – Turin Accord](#), 24 Feb 2015.

<sup>34</sup> Innovation and Networks Executive Agency - 2014 CEF Transport Call - [Cross Border Lyon-Turin Railway Link](#).

<sup>35</sup> European Commission - DG MOVE (Mobility and Transport) - [The Rhine-Danube Core Network Corridor Study](#) - Final Report, Dec 2014, p.47.

<sup>36</sup> European Commission - DG MOVE (Mobility and Transport) - Trans-European transport networks - [TEN-T corridors](#).

<sup>37</sup> European Commission - DG MOVE (Mobility and Transport) - EU Transport Scoreboard 2015 - [Austria](#), [Germany](#) and [Italy](#).

<sup>38</sup> European Commission - DG REGI (Regional Policy) - [€1.8 billion for investments in sustainable multi-modal transport infrastructure in Italy](#).

<sup>39</sup> Autostrade per l'Italia - [Road Network Plan](#).

trunk roads and federal waterways<sup>40</sup>. The new Federal Government Plan is expected to be presented in 2016 and will take into account the updated traffic prognoses by 2030 as well as the provisions provided in the 2009 Coalition Agreement. In **Austria**, the framework investment plan 2016-2021 provides for expenditure of some EUR 14.6 billion for the development of railway infrastructure (the amount includes also EUR 2.4 billion for projects relating to the Brenner Base Tunnel and around EUR 4 billion for new sections of the Koralm railway and the Semmering base tunnel)<sup>41</sup>. Over the same period, the Austrian road transport infrastructure management company (ASFiNAG<sup>42</sup>) plans to invest some EUR 7.3 billion in development of infrastructure. This amount includes EUR 18 million for renovation works in the Brenner road tunnel<sup>43</sup>.

### 1.3.1. European Structural and Investment (ESI) Funds

With a budget of EUR 454 billion for 2014-2020, **the European Structural and Investment (ESI) Funds** are the EU's main investment policy tool, aimed at supporting job creation, business competitiveness, economic growth and sustainable development and improving citizens' quality of life<sup>44</sup>. They comprise five funds: the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF)<sup>45</sup>. Transport infrastructures may receive financing from the ERDF and the CF under the thematic objective 'Network Infrastructures in Transport and Energy'. The allocations for this objective are respectively just under EUR 25.8 billion (or 13.1% of the EU's contribution to the ERDF's budget) and over EUR 2.7 billion (or 51.6% of the EU's contribution to the CF budget)<sup>46</sup>.

**Italy**, through 75 national and regional programmes, benefits from ESI funding to the sum of EUR 42.7 billion, which represents an average of EUR 704 per person over the period 2014-2020<sup>47</sup>. Transport infrastructures may benefit from the funding available for Italy under the ERDF, the EU allocation standing at some EUR 2.5 billion. Of this total, almost EUR 1.4 billion is to support the goals of the **National Operational Programme for Infrastructures and Networks**. The main purpose of this programme is to rebalance the Italian transport system, which is currently characterised by a predominance of road traffic, by modernising and extending sustainable transport modes for passengers and freight, along the TEN-T core transport network in less developed regions. The programme will therefore focus on actions in three sectors: railways, port infrastructure and intelligent transport systems<sup>48</sup>. Thanks to the support of the EU funds available for Italy under the ERDF, the country is aiming to modernise 270 km of rail lines (172 km being located on the TEN-T), reconstruct 488 km of roads, build 20 km of new roads and develop 253 km of tram and metro infrastructure<sup>49</sup>.

**Germany** was allocated EUR 28 billion under the ESI Funds for the years 2014-2020, which represents an average of EUR 345 per person<sup>50</sup>. **Austria** is entitled to receive EUR 4.9 billion from the ESI Funds for the same period (an average of EUR 579 per person). However, the financing priorities under the ERDF of both countries do not directly include transport infrastructure.

### 1.3.2. Connecting Europe Facility

Established in December 2013, the Connecting Europe Facility (CEF) is a key EU funding instrument targeting infrastructure investment at European level in the fields of transport, energy and telecommunications<sup>51</sup>. The (EU) CEF Regulation<sup>52</sup> sets out the rules for awarding EU financial support and defining priority projects and lays down the maximum levels of EU cofinancing by type of project. It also includes a pre-identified list of projects under which most CEF investments will be placed. The total budget for CEF Transport amounts to EUR 24.05 billion for the period 2014-2020. This sum is intended to support the completion of the TEN-T and core network corridors by 2030. EUR 1.55 billion has been reserved for projects to be co-funded through innovative financial instruments such as guarantees and project bonds (CEF debt instrument). The bulk of the CEF Transport budget, i.e. EUR 22.5 billion, is to be distributed to project promoters through the grants allocated following competitive calls for proposals<sup>53</sup>. So far, the EC has announced two calls for proposals in the field of transport - one in 2014, with a total

<sup>40</sup> German Federal Ministry for Transport and Digital Infrastructure - [2003 Federal Transport Infrastructure Plan](#).

<sup>41</sup> Austrian Federal Ministry for Transport, Innovation and Technology - [Framework Investment Plan for Railways 2016-2021](#), slide 10.

<sup>42</sup> The ASFiNAG plans, finances, builds, maintains and collects tolls on the entire Austrian motorway and expressway road system (total length: about 2 183 km).

<sup>43</sup> Austrian Federal Ministry for Transport, Innovation and Technology - [ASFiNAG Investment Plan](#).

<sup>44</sup> European Commission - Public Contracts and Funding - [European Structural and Investment Funds](#).

<sup>45</sup> European Commission - DG REGI (Regional Policy) - [The EU Regional Policy](#).

<sup>46</sup> European Commission - ESI Funds Data - [ERDF](#) and [CF](#).

<sup>47</sup> European Commission - European Structural and Investment Funds - Data by Country - [Italy](#).

<sup>48</sup> European Commission - DG REGI (Regional Policy) - [Italian National Operational Programme on Infrastructures and Networks](#).

<sup>49</sup> European Commission - European Structural and Investment Funds - Data by Country - [Italy](#).

<sup>50</sup> European Commission - European Structural and Investment Funds - Data by Country - [Germany](#).

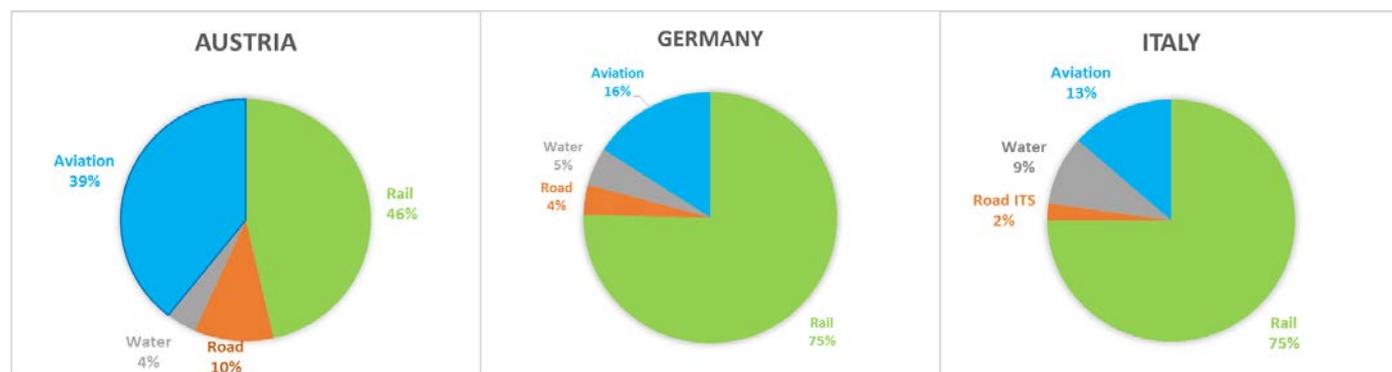
<sup>51</sup> Innovation and Networks Executive Agency - [Connecting Europe Facility](#).

<sup>52</sup> Official Journal of the European Union - [Regulation 1316/2013](#) of the EP and the Council of 11 December 2013 establishing the Connecting Europe Facility, 20 Dec 2013.

<sup>53</sup> European Commission - Fact Sheet: [The EU at work to bridge the investment gap in transport and stimulate the European economy](#), 17 Jun 2016.

budget of EUR 11.93 billion, and the second one in 2015, with an allocation of EUR 7.6 billion<sup>54</sup>. On both occasions a substantial oversubscription of the projects proposed by their promoters against the available allocation was reported by the Commission<sup>55</sup>.

**Figure 2: 2014 CEF Transport call results by transport mode (by value of projects)**



Source: Own calculations based on INEA data<sup>56</sup>

Under the 2014 CEF call for proposals, 56 transport projects proposed either by **Germany** individually or in cooperation with a neighbouring country have qualified as eligible for financing from the CEF. Their total value exceeds EUR 6.2 billion, and EU cofinancing may reach a maximum of EUR 2.1 billion (an average of 34.4%). In terms of value, three quarters of the selected projects concern rail, the majority being located along the CNCs. **Italy** has been granted the financing for 31 transport projects to a total value of EUR 5.7 billion, with possible EU financing subject to a maximum level of EUR 2.4 billion (an average of 41%). 14 projects are located on the core network corridors and include the Brenner Base Tunnel (studies and works) and the Lyon-Turin cross-border rail link. Rail projects dominate in terms of both value and volume among the Italian projects qualified for CEF financing. As for **Austria**, the country succeeded in receiving financing for 22 transport projects under the CEF first call. The total value of the projects amounts to nearly EUR 2 billion and the maximum EU financing may reach EUR 804 million (an average of 42%). Ten Austrian transport projects are located on the CNCs, including, among others, the Brenner Base Tunnel and the Koralm rail line (Graz-Klagenfurt). As with Germany and Italy, in the case of Austria rail projects constitute the biggest group in value terms; however, they are closely followed by aviation projects (see Figure 2 for more details). The official results of the 2015 CEF Transport call were published on 17 June 2016 by the EC, which selected 195 projects as eligible for financing from the CEF instrument. As of July 2016, the Commission's decision still had to be approved by the CEF Coordinating Committee<sup>57</sup>.

### 1.3.3. European Fund for Strategic Investments (EFSI)

The ESI Funds are directly contributing to the Investment Plan for Europe, adopted in November 2014 as the first major initiative of the Juncker Commission, which has the potential to bring investment back in line with historical trends. Its core pillar is the European Fund for Strategic Investments (EFSI), created in order to inject additional investment to the sum of at least EUR 315 billion over the three-year period ending in 2018. According to the report published by the EC one year after the launch of the fund, a total of 64 projects have been approved by the European Investment Bank (EIB) for financing under EFSI, of which 12 were transport projects<sup>58</sup>. **Italy** has been successful in receiving EIB approval for three transport projects (one from each of the following sectors: road, rail and maritime), which together might receive EUR 620 million from EFSI. **Germany** managed to obtain EFSI support with respect to one transport project (widening of the A6 motorway between Wiesloch-Rauenberg and Weinsberg), with proposed cofinancing from EFSI amounting to EUR 250 million). So far, no **Austrian** transport project have received financing under EFSI<sup>59</sup>.

### 1.4. Sustainable aspects of transport in the Alpine area

Rising traffic volumes, as well as the large share of road freight, pose a challenge for the Alpine regions. Various mountain road routes in the region are close to saturation and are giving rise to serious health issues (noise and air pollution). Moreover, the accessibility of remote and depopulating areas requires improvement in many parts of the region, especially where public transport (mainly local railways) needs to be modernised<sup>60</sup>. The need to

<sup>54</sup> Innovation and Networks Executive Agency - CEF Transport Calls - [2014](#) and [2015](#).

<sup>55</sup> Innovation and Networks Executive Agency - 2014 Transport CEF Projects by Country - [Germany](#).

<sup>56</sup> Innovation and Networks Executive Agency - 2014 Transport CEF Projects by Country - [Germany](#), [Italy](#) and [Austria](#).

<sup>57</sup> European Commission - News - [Commission injects €6.7 billion in transport infrastructure to boost jobs and growth](#), 17 Jun 2016.

<sup>58</sup> European Commission - Priorities - Investment Plan for Europe - [State of Play May 2016](#).

<sup>59</sup> European Investment Bank - EFSI Project List - [Transport](#).

<sup>60</sup> European Commission - DG REGI (Regional Policy) - [EUSALP - COM \(2015\) 366 final](#), 28 Jul 2015, p.3.

mitigate transport's negative impacts on the nature-sensitive area of the Alps has been recognised in the **Transport Protocol to the Alpine Convention**, which has been ratified by 8 Alpine countries, including Austria (2002), Germany (2002) and Italy (2013), as well as by the EU (2013)<sup>61</sup>. In the Protocol the emphasis is put on transferring increasing volumes of transport, especially freight, to rail, in particular by creating appropriate infrastructures. The Contracting Parties committed themselves to refrain from constructing any new, large-capacity roads for trans-Alpine transport, except for strictly limited situations and for cases where the analyses submitted prove that no other solution can remedy the transport problem more effectively. The principle that the polluter should pay all the costs should be phased in so as to encourage the use of the most environment-friendly transport modes<sup>62</sup>.

In order to meet these challenges, the relevant authorities of the Alpine countries have introduced various measures. Beyond investment in the existing infrastructure and the construction of modern railway lines, as well as the implementation of innovative technological solutions optimising traffic along the major transit routes, the focus has been placed on actions that would result in a modal shift from road to rail. Examples of such measures include:

1. **Implementation of the 'user pays' and 'polluter pays' principles** - truck drivers are required to pay tolls on all **German** motorways and selected federal trunk roads (including those crossing Alpine areas). The level of the toll is based on the distance that a vehicle travels on a toll road and on a toll rate per kilometre that includes infrastructure costs and costs due to the air pollution caused by the vehicle<sup>63</sup>. All **Austrian** motorways and 'S' roads are subject to tolls, which are applied to all types of vehicles. While the owners of the vehicles below 3.5 tonnes need to purchase a vignette, the toll tariff system for vehicles with a weight exceeding 3.5 tonnes is based on the car emission categories. On top of the standard toll, additional charges are applied to a few specified transit roads, including the A13 Brenner motorway<sup>64</sup>. Tolls in **Italy** apply to all vehicles on most motorways. Toll amounts are calculated according to the vehicle's dimensions and number of axles<sup>65</sup>.
2. **Government support for combined transport operators** - this takes the form of financial support (for purchase of equipment, investment in terminals or operations), fiscal incentives and regulatory measures (Austria)<sup>66</sup>.
3. **A 'rolling motorways' (RoLa)** concept has been put in place on (among other locations) the Brenner section of the SCM Corridor in Austria. In RoLa services, complete trucks and their drivers in dedicated coaches are transported by rail<sup>67</sup>.
4. **Rail passenger services and freight rail transportation on the north-south axis covered by Public Service Obligations (PSO):** Trenitalia<sup>68</sup> has been financed by the Italian Government for passenger night trains. Furthermore, the rail passenger regional transportation service is covered by PSO. In the last few years, the Italian Government has decided to fund some rail freight routes on the north-south axis.<sup>69</sup>
5. **Toll changes for the road tunnels of Mont Blanc and Fréjus** - a 3.5% increase over inflation between 2010 and 2015 was decided in 2009 to finance the security gallery of the Fréjus tunnel and the extension of the Alpine Rail Motorway to the Lyon region (Lyon-Turin axis).
6. **Modulation of tolls based on the environmental performance of vehicles** - a ban on emission class EURO 0 at the Fréjus tunnel and emission classes 0-2 at the Mont Blanc tunnel was introduced, as well as progressive rates for the upper classes (Lyon-Turin axis).
7. **Transit bans depending on the types of vehicles and goods** - dangerous goods are prohibited in the Mont Blanc tunnel and are subject to restrictions in the Fréjus tunnel (Lyon-Turin axis).
8. **Implementation of the opportunities offered by the current 'Eurovignette' directive** - The 'transit toll for heavy vehicles' marked the beginning of implementation for this directive, but it has been abandoned owing to protests and technical difficulties. However, discussions are ongoing to see if specific tolls in the sense of the Eurovignette directive are feasible in the Alpine region (Lyon-Turin axis)<sup>70</sup>.

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<sup>61</sup> Official Webpage of the Alpine Convention - State of Ratifications - [Transport Protocol](#).

<sup>62</sup> Official Journal of the EU - [Protocol on the Implementation of the 1991 Alpine Convention in the Field of Transport](#) (Transport Protocol), 2007.

<sup>63</sup> Toll Collect GmbH - [All about Tolls](#).

<sup>64</sup> Austrian National Tourist Office - The Official Travel Guide - [Austria by Road](#).

<sup>65</sup> Autostrade per l'Italia - [Toll Classes](#).

<sup>66</sup> Austrian Federal Ministry for Transport, Innovation and Technology - [Combined Transport in Austria](#).

<sup>67</sup> European Commission - DG MOVE (Mobility and Transport) - [Study on the Scand. – Mediterr. TEN-T Corridor, Final report](#), Dec 2014, p.237.

<sup>68</sup> Trenitalia is the primary train operator in Italy, owned by Ferrovie dello Stato Italiane, which is itself owned by the Italian Government.

<sup>69</sup> European Commission - DG MOVE (Mobility and Transport) - [Study on the Mediterranean TEN-T Corridor, Final report](#), Dec 2014, pp.270-273.

<sup>70</sup> European Commission - DG MOVE (Mobility and Transport) - [Study on the Mediterranean TEN-T Corridor, Final report](#), Dec 2014, pp.270-273.

## 2. TOURISM

The **Alps** are not only one of the most ecologically sensitive areas in Europe: they are also one of its most important recreation areas, with about 95 million long-stay tourists and an additional 60 million day trip tourists per year (Alpine Convention, 2008, p. 3). SMEs dominate in the tourism sector as regards both economic development and employment opportunities. The number of total nights spent by non-residents in the Alpine region rose by 20% between 2009 and 2013. In relation to the general EU picture, the Alpine region accounted in 2009 for 15% and in 2013 for 17% of total nights spent in tourist accommodation by non-residents<sup>71</sup>. To cross the Alps, 84% of tourists use their cars (90% in Italy, and about 83% in Austria and Germany)<sup>72</sup>.

Tourism is a growing economic sector in **Germany**, generating close to EUR 100 billion (4.4% of Gross Value Added, GVA). Some 2.9 million workers are directly employed in the tourism industry, equivalent to 7% of total employment. In 2014, Germany was visited by nearly 33 million international tourists (an increase of 4.6% on 2013). The Netherlands is the main source market and accounts for roughly 15% of all non-resident overnight stays, followed by Switzerland, the UK, the US and Italy. Overnight visitors account for 41% of visitor spending (EUR 115.4 billion), while international visitors are responsible for 30% of this spending (EUR 34.1 billion). Forecasts by the German National Tourist Board show that inbound tourism is expected to continue its long-term rise, as the number of overnight stays by international tourists is predicted to reach 121.5 million by 2030 (an increase of 80%)<sup>73</sup>. **Bavaria**, with 32.5 million tourists (both domestic and inbound) visiting the region and 82.5 million bednights in 2014, constituted Germany's most popular tourist destination<sup>74</sup>.

**Austria** was visited by nearly 25.3 million international tourist in 2014 (1.9% up from 2013). The fastest-growing source markets, compared with 2013, were Asian countries, including Chinese Taipei (up 35.3%), the Republic of Korea (up 28.6%) and China (up 21.9%), while Russia lost importance (down 8.9%). Germany, the most important market for Austria, remained stable with 11.8 million arrivals. Domestic tourist arrivals in paid accommodation totalled 12.3 million (up 1.9%) in 2014, and 35.7 million bednights were registered. The direct value-added effects of tourism in 2014 totalled EUR 18.1 billion, or 5.5% of GDP. About 270 500 full-time job equivalents could be directly attributed to tourism-related industries in 2013, contributing 7.3% to overall employment in Austria<sup>75</sup>. With a hospitality industry offering a total of over 340 000 beds, some five million visitors come to **Tyrol** every year, generating an annual bednight total of about 43 million. The region offers ideal conditions for mountain tourism and modern ski areas. In addition to winter sports, Tyrol also has a varied summer holiday offering. That includes walking on a huge network of paths, mountain biking and rock climbing<sup>76</sup>.

In 2014, **Italy** recorded 29 million international visitors (up 0.2% on 2013)<sup>77</sup>. International travel receipts grew at a stronger pace (3.6%) than Italian exports in general (2%), rising from EUR 33.1 billion in 2013 to EUR 34.2 billion in 2014, and thus confirming the leading role of tourism in the Italian economy. From a medium-term perspective, international travel expenditure has also demonstrated steady growth (from 33% of total tourism expenditure in 2007 to 39.6% in 2014). Total tourism expenditure in Italy amounted to EUR 86.6 billion in 2014, representing 9.8% of the nation's domestic consumption and generating an added value of EUR 94.8 billion (6.5% of overall value added) – supporting 3 million jobs (or 12.4% of total national employment)<sup>78</sup>. In 2013, the Autonomous Province of Bolzano (**South Tyrol**) was ranked among the top 20 EU tourist destinations, with almost 30 million nights spent by both domestic and inbound travellers in the province's tourist accommodation<sup>79</sup>.

The Alpine Convention and the EUSALP provide the framework for the Alpine countries to develop their national and regional tourism strategies. The Alpine Convention and its implementation protocol in the field of tourism set the minimum requirements defining what the development of mountain tourism is or should be. The general objectives of the signatory states and the local communities should focus inter alia on:

- seeking to stagger and diversify the supply of and demand for tourism over space and time;
- including sustainable tourism objectives when deciding policies on spatial planning, transport, agriculture, forestry and the environment;

<sup>71</sup> European Commission - DG REGI (Regional Policy) - EUSALP [COM \(2015\) 366 final](#), 28 July 2015, p.3.

<sup>72</sup> Swiss Confederation - Federal Department for the Environment, Transport, Energy and Communication DETEC - [Sustainable Mountains Development in the Alps](#), 2012, p.9.

<sup>73</sup> OECD - Tourism Trends and Policies 2016 - Country Profile - [Germany](#), 9 Mar 2016, pp.174-179.

<sup>74</sup> Bavarian Ministry for the Economy and Media, Energy and Technology - [Bavarian Annual Report 2013/2014](#), p.13.

<sup>75</sup> OECD - Tourism Trends and Policies 2016 - Country Profile - [Austria](#), 9 Mar 2016, pp.128-132.

<sup>76</sup> Office of the Tyrol Regional Government - [Tourism](#).

<sup>77</sup> OECD - Tourism Trends and Policies 2016 - Table1.1: [International Tourists Arrivals 2010-2014](#), 9 Mar 2016, p.25.

<sup>78</sup> OECD - Tourism Trends and Policies 2016 - Country Profile - [Italy](#), 9 Mar 2016, pp.207-211.

<sup>79</sup> Eurostat - Tourism - Number of nights spent by residents and non-residents in tourist accommodations - File: [Top 20 EU Tourism Regions](#).

- fostering the training of tourism professionals and the harmonisation and development of tourism-related research and knowledge<sup>80</sup>.

Furthermore, the EUSALP also provides recommendations for the sustainable development of tourism in the Alpine area. It mentions the need to offer support to tourism-oriented SMEs so that more sustainable forms of tourism (such as agri-tourism and health tourism) as well as sustainable year-round tourism can be developed<sup>81</sup>. A concerted approach to sustainable and accessible tourism, involving in particular R & I, SMEs and training for workers, is also recommended in the EUSALP<sup>82</sup>.

In the three Alpine countries analysed, the organisation of tourism policy is shared according to the subsidiarity principle, with different duties and rights being allocated to different levels (national, regional or local). In **Germany**, the Federal Minister for Economic Affairs and Energy has lead responsibility for tourism policy. The *Länder* ministries responsible for tourism devise, implement and fund policies to promote tourism development in their regions<sup>83</sup>. The **Bavarian State Government Vision on Tourism Development** of 2010 aims, in line with the Federal Government's tourism policy, at supporting SMEs in the tourism industry so that they can develop their competitive position and fully unlock potential for growth and employment. It focuses on the development of ecologically neutral, barrier-free and accessible tourism. Strong emphasis is put on the enhancement of environment-friendly mobility in the Alpine region and the inclusion of electromobility in local tourism, as well as on the development of year-round tourism (wellness and spa tourism, culinary tourism, nature tourism and cultural tourism)<sup>84</sup>.

In **Austria**, the nine federal states have the legislative and executive competences for tourism affairs. Nevertheless, as tourism is a typical cross-cutting sector, both federal and European laws also apply. At the national level, tourism policy is the responsibility of the Federal Ministry of Science, Research and Economy. In 2010, the Ministry launched, in close cooperation with the federal states and all relevant tourism stakeholders, the national Tourism Strategy. The document focuses on encouraging investment and innovation as well as improving the size and quality of tourism enterprises, combatting seasonality and fostering year-round product development, as well as the enhancement of connectivity and the development of sustainable transport in the tourist areas, particularly in the Alps<sup>85</sup>. Maintaining and enhancing the competitive strength of the tourism industry in **Tyrol** is the number one priority for all support measures taken by the regional authority in this sector<sup>86</sup>.

The legislative framework for tourism in **Italy** involves the Ministry of Cultural Heritage, Activities and Tourism, the Permanent Conference for Relations between the State, Regions and Autonomous Provinces of Trento and Bolzano, and the Joint Conference of Regions and Municipalities. The Ministry has developed the national tourism strategy of Italy, in which the emphasis is placed on the distribution of tourism across the country. The strategy aims also at fostering tourism projects prioritising new cultural routes including bicycle tourism, as well as other forms of slow, experiential and local tourism. Furthermore, in 2015, in order to increase the attractiveness of Italy as a tourist destination, the Government approved the National Airports Plan, which establishes its investment strategy for Italy's national airports, pinpointing 11 airports of strategic interest and 26 of national interest<sup>87</sup>.

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<sup>80</sup> Alpine Convention - [Sustainable Tourism in the Alpine Region](#), Special Edition 4, 2013, p.35.

<sup>81</sup> European Commission - DG REGI (Regional Policy) - [Action Plan for the EU Strategy for the Alpine Region](#), Jul 2015, p.14.

<sup>82</sup> European Commission - DG REGI (Regional Policy) - EUSALP [COM \(2015\) 366 final](#), 28 July 2015, p.3.

<sup>83</sup> OECD - Tourism Trends and Policies 2016 –Country Profile - [Germany](#), 9 Mar 2016, pp.174-179.

<sup>84</sup> Bavarian State Ministry of Economics, Infrastructure, Traffic and Technology - [The Political Vision of the Bavarian State Government on Tourism Development](#), 2010.

<sup>85</sup> OECD - Tourism Trends and Policies 2016 –Country Profile - [Austria](#), 9 Mar 2016, pp.128-132.

<sup>86</sup> Office of the Tyrol Regional Government - [Tourism](#).

<sup>87</sup> OECD - Tourism Trends and Policies 2016 - Country Profile - [Italy](#), 9 Mar 2016, pp.207-211.