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## Road and rail investments in Sweden

– lacking an EU perspective?

## Summary and recommendations

### Background and reasons for the audit

Transport infrastructure is a policy area where both the EU and its Member States have legislative power: “shared competence”. This means that responsible authorities in the individual member state are to endeavour to meet both national objectives and objectives formulated by the EU. The EU objectives are formulated in the TEN-T Regulation, established in 2013. The purpose is to enable more effective and higher quality transport for citizens and companies in coherent corridors, called core networks. Under the regulation the objectives must be achieved by 2030.

The national objectives are presented in the latest infrastructure bill, approved by the Riksdag in 2016. The national planning process is to have an intermodal perspective, in accordance with the four-step principle, with the ambition that the most effective transport solutions are to be implemented regardless of the mode of transport. The intended infrastructure projects are presented in the national transport plan for infrastructure, which covers a twelve-year period. The plan is normally revised every fourth year. For each project there must be a single impact assessment effect containing a

cost-benefit analysis including non-priced impacts, a transport policy objective analysis and a distribution analysis. Proposed new projects, based on the Swedish Transport Administration's internal decisions, must have been subjected to a choice of measure study.

The Government and the Swedish Transport Administration have the main responsibility for ensuring that both the EU objectives and the national objectives for the Swedish core network are fulfilled. Sweden's starting point for achieving the EU objectives by 2030 was relatively good. Several of the objectives, both for roads and railways had already been achieved in Sweden when they were set in 2013. As regards roads there are some parts that do not meet the EU objectives for motorways/express roads. In addition, there is a target for rest areas along roads of a certain quality and at certain intervals, where there is some lack of clarity as to whether the objectives have been met. As regards railways there are two EU objectives that have not as yet been achieved; being able to run freight trains with a length of at least 740 metres throughout the core network and a line speed for freight trains of at least 100 km/hr in the core network.

The Swedish National Audit Office decided in January 2017 to start this audit, as at that time there were indications that neither the Government nor the Swedish Transport Administration had given priority to the work of coordinating and trying to meet the EU objectives in 2013–2016. This was despite the fact that the current state of knowledge indicates that it may be economically efficient to meet the EU objectives that are not currently met.

The purpose of the audit has been to examine how the Swedish Transport Administration and the Government coordinate the national objectives with EU objectives for the TEN-T Regulation and whether the EU objectives are taken into account systematically in planning the national infrastructure initiatives.

The audit is based on the following sub-questions:

- What knowledge exists about the appropriateness of the EU objectives and do they contribute to more efficient transport within the EU?
- Have the EU objectives been taken into account in the overall infrastructure planning by the Government and the Swedish Transport Administration?
- Have the EU objectives been taken into account in the choice of project and in the choice of measure studies concerning investment alternatives in the core network and carried out in the period 2013–2017?

- Have the EU objectives been taken into account in the Swedish Transport Administration's new proposed national transport plan, which was submitted to the Government in August 2017?

## Audit findings

The Swedish NAO's starting point in the audit is that the Swedish Transport Administration must have ensured that the projects that need to be carried out to achieve the EU's objectives are reviewed in the same way as nationally initiated investment alternatives. The review should be based on a choice of measure study or equivalent, which includes an overall impact assessment. If the investment proves to be so economically profitable that it should be made, planning should be sufficiently timely to allow the projects to be completed by the EU's target year of 2030. As it usually takes more than ten years to plan and implement major infrastructure projects, the projects should in practice already have entered an initial planning phase when this audit was carried out.

In the opinion of the Swedish NAO, neither the Government nor the Swedish Transport Administration have given priority to the EU perspective in planning the national transport infrastructure. After the TEN-T Regulation was adopted in 2013, the Swedish Transport Administration should have started overall planning for how the EU objectives should be taken into account and by means of choice of measure studies should have started reviewing the projects that need to be implemented to achieve the EU objectives. However, no such overall planning took place. For example, the Government has not given the Swedish Transport Administration clear directions to meet the EU objectives by 2030. Nor has the Government requested the Swedish Transport Administration to produce a co-ordinated analysis of how the present standard in the Swedish core network relates to the specific EU objectives and how the objectives are to be achieved by 2030. In turn, the Swedish Transport Administration has not produced any such co-ordinated analysis or a concrete plan for how the EU objectives are to be taken into account. The EU perspective also plays a subordinate role in the Transport Administration's internal operational planning.

The audit also shows that almost all projects included in the national planning process are delimited geographically and have been initiated within one of the Swedish Transport Administration's regions. This planning model is not effective if the ambition is to achieve the EU objectives, as these objectives are of such a nature that they often require overall national planning for longer distances. The fact that the EU objectives do not seem to have any particular influence on planning projects may also be due to the

Swedish Transport Administration's method of supervision of choice of measure studies. This only requires reporting of achievement of objectives in relation to national, regional and local targets, and not on the other hand in relation to the EU objectives in the TEN-T Regulation.

The Swedish Transport Administration's proposed new transport plan for 2018–2029 has now introduced two projects aimed at fulfilling the EU objectives as regards the possibility of running longer trains. According to the Transport Administration implementation of the projects is economically beneficial. At the same time, the two projects have been introduced into the transport plan without the usual reference data being presented in the form of a choice of measure study or equivalent. In the opinion of the Swedish NAO this is a deficiency. Moreover, the scanty reference data means that there is uncertainty whether the EU objective of being able to run freight trains of 740 metres throughout the core network will be achieved.

Based on the Swedish Transport Administration's proposed transport plan the Swedish NAO assesses that the EU objectives for line speed for freight trains and extensions to motorways/express roads will not be fully achieved by 2030. According to the Swedish Transport Administration, investments of this type are not always economically justified. However, no choice of measure studies or equivalent containing coordinated impact assessments have been made. At least in some projects, such as extending national road 40 between Ulricehamn and Jönköping to motorway standard, this is a deficiency that means that these projects have not been allowed to compete on equal terms with other possible investment projects.

As regards the EU objective concerning rest areas on roads of a certain quality and frequency, the Swedish Transport Administration claims that the objective has been met, given the information available today. However, this is gainsaid by the information in a report from the Swedish Agency for Transport Policy Analysis in 2016. Consequently, according to the Swedish NAO, it is a deficiency that the Swedish Transport Administration has not reviewed the alternative of enhancing the quality of rest areas in the core network in a choice of measures study that includes an overall assessment of the impact this would have. In future the Swedish Transport Administration should start a dialogue with the haulage industry and other stakeholders on how an appropriate structure of rest areas every hundred kilometres could be designed, and then produce a basis for estimating whether this investment is economically justified or not.

In accordance with Article 39 of the TEN-T Regulation, in duly justified cases the Commission may grant some exemptions from the specific objectives. This concerns infrastructure investments that cannot be justified in socio-economic cost-benefit terms.

Conditions exist for Sweden to request such exemptions for parts of the core network with low volumes of traffic. This may apply to exemptions from both the EU objectives for line speeds for freight trains and motorways/express roads. In these cases the Swedish Transport Administration needs to compile reference material for the exemption applications with cost-benefit analyses. As far as has been shown by the audit, the Swedish Transport Administration has not yet produced such reference material. In the opinion of the Swedish NAO there is no reason to delay such applications, as the European Commission and neighbouring Member States would benefit from having this information as early as possible.

## The Swedish NAO's recommendations

### Recommendations to the Government

- Give the Swedish Transport Administration clear instructions to work systematically so that the projects that need to be implemented to achieve the EU objectives are reviewed on the same terms as other projects.
- Specify more precisely how the objectives formulated by the EU are to be included in the transport policy objectives of the next infrastructure bill submitted to the Riksdag.

### Recommendations to the Swedish Transport Administration

Prepare a concrete and timetabled plan to review the remaining projects that need to be completed to achieve the EU objectives. Within the framework of this plan the following should be included:

- Prepare choice of measure studies or equivalent for projects where investments that enable hitherto unachieved EU objectives are reviewed on equal terms with other investment projects. If the projects are of sufficient economic benefit, initiatives should be taken to introduce these investments into the next transport plan to apply for the period 2022–2033.
- Prepare choice of measure studies or equivalent for the two projects that concern measures to enable longer freight trains in the core network and that are now added to the national plan. In that way these two projects will be reviewed on equal terms with other investment projects.
- Prepare reference material for the exemptions that Sweden intends to apply for as regards meeting the EU objectives, mainly for the parts of the core network with

low volumes of traffic. In compliance with the EU requirements, the reference material should show that there are socio-economic cost-benefit reasons for requesting exemptions.

- Ensure that analyses of achievement of objectives in choice of measure studies are also made in relation to the EU objectives in the TEN-T Regulation, and not just in relation to national, regional and local objectives.