Building a sustainable future for EU transport

Boosting private infrastructure investments to drive the green transition

Global Infrastructure Investor Association
Promoting Private Investment in Infrastructure

Contents

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Executive summary

In this paper, the Global Infrastructure Investor Association (GIIA), commissioned Freshfields to provide input to GIIA on an overview of the transport infrastructure landscape in the EU, as well as input on GIIA's policy recommendations to unlock private investments and ensure a more sustainable future for European transport.

GIIA is the membership body of the world's leading institutional investors

Boosting private infrastructure investments to drive the green transition

Decarbonising the EU transport sector in the EU and making it truly sustainable in line with the ambitions and objectives set out in the European Green Deal and the Sustainable and Smart Mobility Strategy represents an unprecedented challenge. To meet this challenge, closer cooperation between EU, national authorities, all stakeholders across transport modes, and private investors will be required.

To unlock the full potential of private investments in sustainable transport infrastructure, the EU needs to put in place a regulatory environment that adequately addresses the needs of investors and market players in the transport sector.

> **Infrastructure investors require regulatory stability and predictability**

This can be achieved by removing existing barriers to investments, streamlining procedures to make them easier to understand and more accessible to investors, and doubling down on policies that have already proven to be conducive to boosting private investments.

GIIA and its members stand ready to contribute to these efforts by supporting and mobilising significant volumes of private infrastructure investments.

Against this background, GIIA has developed policy recommendations in line with three overarching themes explored further in this paper:

- **1. Creating a regulatory framework that enables investment:**

  Infrastructure investors require regulatory stability and predictability. Thus, it is essential for the EU to provide regulatory clarity, with rules that are easily understandable and implementable.

- **2. Streamlining EU infrastructure funding instruments and fostering public-private partnerships:**

  To fully utilise EU funding sources and increase synergies between public and private investments, it is necessary to simplify EU funding structures, with a clear distinction between the different funding instruments, both as regards their objectives and conditions.

- **3. Supporting a strong EU infrastructure project pipeline:**

  Closer cooperation between the European Commission, Member States and private investors can benefit the planning and implementation of complex cross-border infrastructure projects.

1 About us

The Global Infrastructure Investor Association (GIIA) brings together the world's leading institutional investors and advisers to the sector. GIIA members have already invested over €1.3 trillion across six continents, in a

wide range of infrastructure projects, from roads, railways and airports to power generation, utilities, broadband, schools and hospitals – all of which are helping communities and nations thrive. As the leading public pension funds, insurers, sovereign wealth funds and other investors in the sector, many of our members also represent teachers, firemen, public-sector employees, and other individual investors.

In mainland Europe, GIIA members are responsible for €335 billion of assets under management, including over €85 billion in transport infrastructure. Over the past year alone, GIIA members have invested in an additional 3 airports, 6,000km of roads, 1,900km of rail, 300 units of rolling train stock and 10,000 electric vehicle (EV) chargers in the EU. Overall, these investments have amounted to €15 billion in private transport infrastructure investments.

Our members' long-standing expertise in investing in and managing infrastructure, coupled with more than €250bn ready for further investments, including in sustainable transport infrastructure, makes the GIIA a valuable partner for EU institutions and Member States.

GIIA's mission is to improve understanding of the role played by private investors in building and operating efficient and effective infrastructure. Against this goal, GIIA advocates for a supportive, stable regulatory environment and an increased pipeline of well-developed projects that can leverage private investment and expertise.

In mainland Europe, GIIA members are responsible for €352bn of assets under management, with the largest investments being in transport infrastructure, worth over €85bn.

> *"Infrastructure investment flows where there is a clear policy framework supported by fair and transparent regulation. We look forward to continuing to work with governments and regulators globally to help create the right environment for success."*
>
> Lawrence Slade, CEO, GIIA

2 Introduction

Climate change represents a historic and unprecedented global challenge. Politicians have recognised the severity of the situation and the importance to act, by signing the Paris Agreement on Climate Change, setting the target to limit the increase in global average temperature to 1.5°C.

In the EU, transport accounts for 5% of GDP and generates directly around 10 million jobs.

The European Green Deal affirmed the importance of this target, placing the European Union (EU) at the forefront of global efforts to reorganise their economies to build a more sustainable future. The European Green Deal sets an ambitious agenda for the decarbonisation of the EU, with the ultimate goal of turning the EU into a net-zero greenhouse gas (GHG) emissions economy by 2050. For the transport sector, it specifically stresses the need to make the EU transport system and infrastructure ready for sustainable mobility, including a strong emphasis on ramping up the production and deployment of sustainable transport fuels and the accompanying infrastructure.

It is clear that transport is the backbone of the modern economy, enabling our highly globalised world to function. Therefore, it is important to ensure continuous investments in the transport sector and infrastructure to meet evolving mobility needs, both for individuals and businesses. According to the European Commission, in the EU, transport accounts for five percent of GDP and supports around 10 million jobs directly. At the same time, the transport sector is a major source of GHG emissions. In fact, transport is responsible for almost one quarter of all CO_2 emissions in the EU, underlying the opportunities and challenges ahead.

The EU has set itself the target of reducing transport GHG emissions by 90% until 2050.

Contrary to the general trend of decreasing emissions across other sectors, transport continues to see a rise in GHG emissions. To reach the ambitious climate targets defined by the European Green Deal, it is therefore critical to reduce transport emissions and affect a fundamental green transition of the transport sector in the EU. Against this background, the EU has set itself the target of reducing transport GHG emissions by 90% until 2050.

To achieve this will require substantial investments in sustainable transport infrastructure, new green technologies, as well as low- and zero-emissions movable assets, such as rail rolling stock, electric vehicles, cleaner vessels and aircraft. Adequate infrastructure is also an essential element of any efforts to decarbonise transport.

With this policy paper, we provide an overview of the transport infrastructure landscape in the EU from the perspective of private responsible investors. We review the key EU policies and regulatory actions relevant for the sector and provide insights into how private investors can support the green transition in transport.

This policy paper, informed by our continuous exchanges with EU decision-makers, includes a set of policy recommendations for policymakers to take into consideration in order to unlock private investment in EU transport infrastructure and ensure that we can build a more sustainable future for transport in Europe.

3 The role of private investment in EU policies for sustainable transport

...the European Climate Law stipulates an interim target of reducing net GHG emissions by at least 55% until 2030.

The political ambitions set out in the European Green Deal were turned into a legal obligation through the European Climate Law. In addition to the legally binding target of net-zero greenhouse gas emissions by 2050, the law also stipulates an interim target of reducing net GHG emissions by at least 55% until 2030. Apart from the European Green Deal, the EU has developed a comprehensive framework to make transport greener and more efficient.

However, those political ambitions and legal obligations can only be realised through close cooperation between the public and the private sector. The sheer scale of the challenge will require the engagement of all available resources to bridge the investment gap and build the sustainable transport system the EU needs.

The EU continues to provide significant financing for transport infrastructure through various funding instruments, such as the Connecting Europe Facility, the Recovery and Resilience Facility, the Cohesion Fund, among others.

With the aim of reaching the transport targets included in the European Green Deal, in 2020 the European Commission adopted the Sustainable and Smart Mobility Strategy. It is the European Union's roadmap for the green and digital transition of the transport sector, and the long-term resilience of the single transport market. The European Commission adopted several proposals for the transport sector in July 2021, as part of the 'Fit for 55' package, including:

- the revision of the Alternative Fuels Infrastructure Regulation (AFIR) to boost the role out of re-charging and re-fuelling infrastructure across the EU;
- the ReFuelEU Aviation and FuelEU Maritime initiatives to boost the uptake of alternative fuels in these hard-to-abate modes; and
- proposals for the increase of renewable energy used in transport and increased energy efficiency;
- revised CO2 standards for cars and vans, requiring a 55% reduction of car emissions and a 50% reduction for vans by 2030, while from 2035 all new cars will have to have zero-emissions;
- new rules to include the maritime sector in the EU Emission Trading System (ETS), to cover road transport by carbon pricing, as well as aviation, which has so far been exempt.

A second package of proposals to make transport greener and more efficient was adopted in December 2021, including a revision of the rules governing the Trans-European Transport Network (TEN-T).

This strong focus on providing a comprehensive regulatory framework for the development of sustainable transport in the EU is welcomed by the private infrastructure investors community. GIIA members are actively working to make their investment portfolio more sustainable. These initiatives are perceived by GIIA members as essential regulatory steps that will facilitate the deployment of crucial transport infrastructure investments in the decades to come.

The proposed initiatives address many of the regulatory needs private investors have identified. Most importantly, they provide a long-term regulatory perspective as regards the policy choices the EU is taking for the green transition of the transport sector.

Regulatory certainty and an investible long-term pipeline are among the key concerns voiced by GIIA members when considering whether to invest in the European Union. They are essential preconditions for the deployment of private capital over the long-time horizons required for infrastructure investments, but also for the actual systemic transformation of the EU transport sector. These preconditions are also essential to achieve the objectives of the European Green Deal and the Sustainable and Smart Mobility Strategy. Therefore, GIIA welcomes the EU's efforts to provide more certainty and a long-term regulatory perspective to the transport sector.

However, as EU lawmakers negotiate this new framework it is essential that they ensure a clear role for private investors and avoid overreliance on public actors and public funding. In order to ensure the long-term economic viability of infrastructure projects (including the operation and maintenance of such infrastructure) and to keep in mind soundness of public finances, a stronger and clear role for private investment should be a key consideration. The new generation of EU rules should support strong crowding in of private infrastructure investments, ensuring that private investors have the relevant information to make long-term decisions, simplifying access to transport infrastructure projects, and recognising the importance of making transport infrastructure projects, especially large-scale projects, economically viable.

The European Commission has acknowledged that funding the TEN-T will not be possible only with public funding and that private financing will be important for putting in place the infrastructure needed for the green transition of the transport sector. With increasing requirements for sustainable infrastructure and taking into account infrastructure needs outside the TEN-T network, demand for investments can be expected to further increase over time.

While the European Green Deal objectives remain paramount, recent geopolitical developments cannot be ignored. The European Commission's latest initiative – REPower EU – aims, among other things, to accelerate the rollout of renewable energy to replace fossil fuels, including for power generation. This will also be important for the greening of the transport sector, especially the switch to low- and zero-emission vehicles.

For example, the production and sufficient availability of clean hydrogen will be a major enabler. The implementation of REPower EU will require additional investments of €210bn until 2027, putting further pressure on under-strain public funding sources, emphasising the need for close cooperation between public and private investors. In the case of renewable hydrogen, the European Commission has recently dramatically increased its long-term estimates for infrastructure investments from an estimated €27bn to a new estimate of €113bn.

These increased infrastructure investment needs, linked with the political ambition to accelerate the green transition in light of complex geopolitical environment, are materialising in the context of strained economic conditions. Supply chain issues started during the COVID-19 crisis and continue to impact economies around the globe, driving scarcity of crucial commodities and goods. This impacts the ability to deliver on crucial infrastructure projects.

Increasing interest rates, bond yields and government borrowing costs have also strained public finances. Fighting inflationary trends and the challenges of several parallel crises, has put significant limitations on the public sector's ability to further increase public funding in order to meet increasing investment needs.

GIIA and its members are determined to contribute to reaching the European Green Deal objectives and working with policymakers to create the necessary conditions for private capital to be fully utilised in creating the necessary infrastructure for the decarbonisation of the transport sector.

GIIA members are actively working to make their investment portfolio more sustainable.

Regulatory certainty and an investable long-term pipeline figure among key concerns voiced by GIIA members.

4 Policy recommendations

This section explores how EU policymakers and private investors can work closely together on the funding of sustainable transport infrastructure. GIIA calls upon EU policymakers to consider three overarching recommendations set out below. We also explain in more detail how infrastructure investments can boost the uptake of alternative fuels, support sustainable urban mobility, and advance the green transition of waterborne transport and aviation.

❖ 1) Set up a true enabling EU regulatory framework

Regulatory clarity for investors is essential, considering the capital intensity of transport infrastructure, long timespans for investments, and the associated risks. Therefore, it is essential for the EU to **put in place rules that are easily understandable and implementable, reduce the administrative burden and associated costs**, and **minimise procedural delays and obstacles**.

Infrastructure investors require **regulatory stability and predictability**, with a regulatory environment that is not subject to constant change, and that provides, in cases where adjustments are needed, **clear timelines and intentions for intended rule changes**.

Infrastructure investors require regulatory stability and predictability, with a regulatory environment that is not subject to constant change.

Investors rely on **clearly defined and stable criteria for sustainable investments**. In that regard the EU Taxonomy is an essential tool for guiding investors, which needs to provide a long-term roadmap. To unleash the full potential of private investments, the EU regulatory framework needs to be **technology neutral**, supporting investments in the widest range of technologies and projects that can contribute to the greening of transport.

➢ Sustainable urban mobility

Environmental, social and corporate governance (ESG) considerations should guide all infrastructure investments, including those across the EU's urban spaces. GIIA members proudly lead this generational paradigm shift through the rollout of alternative fuel infrastructure and management of vital fuel pipelines in Europe.

In fact, GIIA members manage over 190,000 EV chargers through owned or affiliate programmes.

Hydrogen is another major alternative fuel GIIA members are increasingly investing in, given the important role it can play in the greening of long-distance buses and road freight transport. Globally, GIIA members own and manage hydrogen infrastructure assets with a value of €3.5bn, including in EU-based infrastructure. GIIA members also manage over 230,000km of EU gas pipelines which are capable of being converted to transport alternative fuels.

Nevertheless, significant investments are required to build up production capacity and ensure wide-spread deployment of hydrogen refuelling stations. The recent approval by the European Commission of measures to support investments in hydrogen infrastructure, such as the two rounds of Important Projects of Common European Interest (IPCEI), are welcome steps in the right direction. The Hy2Use IPCEI, approved on 21 September 2022, is a good example of how public funding, in this case up to €5.2bn, can be used to unlock around €7bn in private investments in hydrogen. Such initiatives should be further developed and implemented on an ongoing basis, **ensuring close cooperation between public and private investors**. Existing platforms, such as the European Clean Hydrogen Alliance, should be fully engaged to **strengthen the coordination between the public and private sectors** in the roll-out of hydrogen infrastructure and technologies.

The incoming Alternative Fuels Infrastructure Regulation (AFIR) is an important regulatory development watched closely by infrastructure investors. The targets set out in AFIR send a strong signal for the rollout of alternative fuel infrastructure in the EU across all transport modes. However, to allow adequate planning and execution of investments it is important to ensure that the targets, once agreed, remain stable and reliable in the long run. For instance, regarding the uptake of alternative fuels for road transport and clean urban mobility, it is necessary to provide sufficient charging and re-fuelling stations, expand public transport and active mobility networks, increase the availability and capacity of links between rail and urban passenger transport, as well as multimodal terminals for freight transport.

These ambitious objectives for the roll-out of alternative fuels infrastructure reinforce the necessity for adequate public funding instruments and enabling conditions for private investments. For example, the €1.6bn in EU funding available through the Alternative Fuels Infrastructure Facility (AFIF) represents a useful tool to support projects related to electricity recharging, hydrogen and LNG refuelling stations, which still lack market viability but have the potential to attract private funding in the near future.

Plugit DIF

In 2021, GIIA member DIF Capital Partners ("DIF") acquired a majority stake in Plugit Finland Oy ("Plugit"), a leading Finnish EV charging infrastructure company founded in 2012. Plugit operates around 4,000 EV charging points across Finland, with DIF working to support the company's ambition of scaling and speeding up the rollout of EV infrastructure in Finland and the wider region. The infrastructure supports over 300 business customers, including through a "Charging-as-a-Service" product that allows businesses and public sector organisations to reduce upfront costs in favour of leasing infrastructure.

In line with DIF's commitment to support emissions reductions in the transport sector, Plugit has recently partnered with Solarigo to offer a one-stop shop to customers interested in charging their vehicle using solar energy. Through the partnership Plugit is able to offer both EV and solar infrastructure installation in one go, further reducing emissions from energy generation.

DIF continues to explore future EV infrastructure opportunities and has also recently acquired a majority stake in Paris-headquartered Bump SAS, a charge point operator that designs, installs, operated and owns EV charging infrastructure. Such investments support the EU's ambitious agenda for the rollout of EV infrastructure across the TEN-T network and beyond.

➢ Aviation

One of the key challenges that investors face in the area of sustainable aviation is the need for a **stable regulatory environment**, supported by **a clear long-term policy framework**, that works **to incentivise investment**.

GIIA welcomes the proposals set out in the ReFuelEU Aviation initiative. It will support an acceleration in the decarbonisation of aviation with a gradual phasein of sustainable aviation fuels (SAFs) towards 2050, by setting out a clear and steady path towards an increasing share of SAFs in the fuel mix, as well as a sub-obligation for synthetic aviation fuels. This proposal also addresses both the supply and demand side for the balanced uptake of SAFs, bringing much needed certainty to the market. Once final targets are agreed, this initiative will therefore help facilitate reliable long-term planning of supply and demand, as well as the necessary investments.

A mechanism for minimising the cost gap between the use of kerosene and SAF is also needed, with support for emissions allowances that award airlines who take up SAFs, thereby incentivising the sector.

However, ensuring adequate supply of SAFs will require significant investment in production capacities, as well as supply and distribution infrastructure. EU airports will need to be fully equipped to supply airlines with SAFs, in lockstep with increasing supply and uplifting obligations. As the key infrastructure in the aviation sector, airports will also have to make efforts to make their operations more sustainable by switching to renewable energy, reducing the carbon intensity of operations and renovating buildings to meet high efficiency standards.

Investors also need the certainty of public support for inherently risky innovations to lower emissions. The industry proposal for a "Sustainable Aviation Fund" funded through ReFuel EU Aviation penalties and emissions allowance auctions can also help incentivise research, development and deployment of decarbonisation solution for air transport operations.

To support the transition of the sector, GIIA stands ready to continue engagement with the Commission and other partners across the value chain, in forums such as the Renewable and Low-Carbon Fuels Value Chain Industrial Alliance. Through dialogue we can help meet policy objectives and ensure access to renewable and low-carbon fuels for the aviation and maritime sectors through our airports, inland ports and maritime ports.

❖ 2) Make EU infrastructure funding more streamlined and foster public-private partnerships

GIIA members are supportive of EU funding facilities aimed at incentivising transport investments, including through the Connecting Europe Facility, the Recovery and Resilience Facility, InvestEU, or the Cohesion Fund.

However, eligibility rules, funding criteria, and application procedures, greatly differ between funding instruments, creating added complexity. To fully utilise EU funding sources and increase synergies between public and private investments, it is necessary to **simplify EU funding structures**, with a **clear distinction between the different funding instruments**, both as regards their objectives and conditions. **Rules for** accessing funds should be streamlined to allow for easier applications and participation of private investors.

At the EU and Member States' level, **investors should be provided with different types of funding models**, that include a **clear set of options for revenue models associated with different types of infrastructure projects**. Future EU **funding instruments should be designed with a strong role for private investments in mind**, focusing on **boosting public-private partnerships and utilising synergies**. These considerations should be applied to existing funding instruments to the extent possible, and they should form the cornerstone for the design of the future post-2027 EU multi-annual financial framework (MFF) and the next generation of EU funds.

To fully utilise EU funding sources and increase synergies between public and private investments, it is necessary to simplify EU funding structures.

Putting the necessary infrastructure in place to achieve these long-term and far-reaching changes of the transport system will require very high levels of funding. EU funds represent a major source of transport infrastructure spending in the EU, including the Connecting Europe Facility (CEF), the European Structural and Investment Funds (ESIF), in particular the European Regional Development Fund (ERDF) and the Cohesion Fund (CF). InvestEU's sustainable infrastructure window (€9.9bn), is a crucial instrument for mobilising private and public investments by providing up to €26.2bn in guarantees, with the objective of affecting up to €372bn in overall investments.

Despite the fact that the EU and its Member States are providing significant amounts of public infrastructure funding, substantial funding gaps still remain. Private infrastructure investors are therefore vital to meeting infrastructure targets and future ambitions, especially at a time where demands are rising on Government funds. **Instruments focusing specifically on facilitating private investments**, such as InvestEU, are a welcome means of attracting private investment. GIIA would encourage E**U policymakers to further develop such funding models** and expand their use in the next multi-annual financial framework.

The **innovative EU fund-raising model applied for the Recovery and Resilience Facility, should also be strengthened and maintained as a permanent mechanism** for the financing of future large-scale policy priorities. The transformation of the EU into a zero-emission economy certainly qualifies as a massive and historic endeavour that will require pulling all public policy levers and taking innovative policy steps to ensure its successful implementation.

- **Sustainable urban mobility**

In addition to building up sustainable transport infrastructure to address the consequences of climate change, it is important to ensure that transport infrastructure funding is more streamlined, as well as climate-proof and resilient to natural and man-made disasters. The impacts of seasonal fires, flooding, droughts, but also pandemics, conflicts, and other forms of disruption that Europe and the world have experienced in the past decade, have to be taken into account when defining investment needs and priorities for transport infrastructures – and this applies to both public and private investors.

Furthermore, **cooperation initiatives between EU regulators and a wide range of stakeholders, including private infrastructure investors are needed**. The newly established Renewable and Low-Carbon Fuels Value Chain Industrial Alliance is a positive example of how the public and private sector can work together to support the development and deployment of essential new technologies and the accompanying infrastructure to support the green transition of transport in the EU.

To make sustainable urban mobility a reality in the more than 400 large cities in the EU, investments in public and collective transport, both in infrastructure and rolling stock, as well as cycling and walking infrastructure, and the deployment of intelligent transport systems (ITS) will be crucial. Such **investments should be facilitated through wide-spread use of sustainable urban mobility plans (SUMPs) and urban policies which are geared towards enabling zero-emission urban logistics solutions**.

The FuelEU Maritime and AFIR initiatives are key drivers for the uptake of sustainable fuels in the maritime sector.

DCT Gdansk IFM

GIIA member IFM acquired the Port of Gdansk in Poland in 2019. DCT Gdansk is the largest container port in Poland, one of the fastest growing ports in the whole of Europe and the only terminal in the Baltic Sea capable of handling ultra large container vessels. Since IFM's acquisition, they have invested significant amounts into the decarbonisation of the Port. Currently there is €180 million of planned investment into equipping its new Terminal 3 with fully electric equipment and a €40 million commitment to provide upgrades and replacements for the existing Terminals 1 and 2. Financing for the new terminal is ESG linked with an ESG KPI's linked loan which is focused on achieving emissions reduction targets.

The Port places emphasis on environmental objectives, and through this direct investment, total emissions at the Port are set to reduce from 7.68kg CO_2/TEU in 2022 to 5.95kg CO_2/TEU and to 5.38kg CO_2/TEU by 2027. There will be a gradual emissions reduction to Net Zero by 2050, which will lead to lower supply chain emissions and better air quality, water and waste management.

IFM has also accounted for the impact of the construction of a new state-of-the-are terminal at the Port, with word done to keep emissions during the construction and lifetime of the terminal at a minimum. Terminal 3 will also be equipped with semi-automated machinery such as A-eRMGs and installed with onshore wind power. These direct investments will have a huge implication both for the Port and shippers. Shippers will now be able to select Gdansk as part of their green transportation corridors and supply chains.

- ### Waterborne transport

The €85bn invested by GIIA members in transport infrastructure in the EU also include investments in 51 ports. These ports handle over 14 million twenty-foot equivalent units (TEU) per year, and over 115 million tonnes of freight, which represents around 13% of the total of 862 million tonnes of EU trade.

Today the shipping sector relies 99% on fossil fuels, while the European Union has set a target for the sector to reach almost 90% renewable and low-carbon fuel use by 2050, no small feat. For the decarbonisation of waterborne transport, it is important to consider the whole supply line in powering ports and the wider waterborne infrastructure to provide sufficient low- and zero-carbon fuels for ships.

The FuelEU Maritime and AFIR initiatives are key drivers for the uptake of sustainable fuels in the maritime sector and for the wide-spread deployment of on-shore power supply infrastructure in EU ports. Especially the technology-neutral approach that will allow market-based decisions on the choice of the most appropriate decarbonisation pathways for different stakeholders, while at the same time providing investors the broadest choice of investment options. Any **future regulatory actions need to take this into account and avoid the risk of stranded assets due to future policy choices**.

The regulatory framework that is now being set up for the decarbonisation of maritime transport will also need to **provide long-term certainty to investors, as well as a streamlined funding**. In fact, **addressing issues related to the long lifespan of investments in the sector, as well as how demand generation will be impacted through the introduction of new technologies and the transition away from certain fuels will be needed**. The **EU Taxonomy should be urgently clarified as regards to the post-2025 status of the waterborne transport sector**.

Upcoming initiatives, such as the 2023 green freight package, which will also address rules on combined transport, will need to provide similar **long-term support and predictability for intermodal and multimodal transport**, ensuring that **infrastructure is developed according to the needs of each particular mode and with adequate funding models**, but also taking into account the policy objective of developing a truly multimodal EU transport system.

BCTN/MCS Infracapital

In 2021, GIIA member Infracapital acquired BCTN, the largest inland waterway terminal operator in the Benelux. BCTN operates eight inland container terminals and provides end to end inland container transport services to customers using the largest deep-sea ports in Europe including Rotterdam, Antwerp and Zeebrugge. In 2022 a further inland waterway operator was acquired, MCS, which provides full-service container logistics from its three terminals in Meppel, Groningen and Leeuwarden.

This investment is set to accelerate the decarbonisation of inland waterways around the Benelux. Already, inland waterways and shipping provide an environmental solution to the carbon intensive maritime sector and haulage sectors. Each barge can transport the equivalent of 100 trucks with 75% less CO_2 emissions.

Future investment in emission reduction technology such as hydrogen or electrification is currently being planned to complement the current fleet of hybrid barges which are in operation. The inland waterway operators have also taken advantage of a pilot scheme designed for hydrogen-operated barges in tandem with a key customer. Investment in inland waterways offers a greener solution to transporting goods by road and importantly eases congestion around already busy ports.

❖ 3) Support a strong EU infrastructure project pipeline:

The funding needs for greening the transport sector are immense, both as regards infrastructure and movable assets. The European Commission acknowledges that completing the TEN-T network by 2050 will require over €1.5tn in investments, including a significant proportion of private capital. Private investors have already made significant investments in the EU towards this goal and are showing an increasing willingness to invest higher levels in sustainable transport infrastructure.

Closer cooperation between the European Commission, Member States and private investors can benefit the planning and implementation of complex cross-border infrastructure projects.

To capture this opportunity, EU policies should **focus on promoting a sufficient volume of relevant projects that can** enable investments at scale. The use of existing tools that facilitate the implementation of higher volumes and large-scale projects, such as **Important Projects of Common European Interest (IPCEI) and Projects of Common Interest (PCI), should be reinforced in the transport sector**.

However, recent geopolitical and economic conditions can have impacts on the development of the infrastructure project pipeline. Demand is certainly increasing for the implementation of renewable energy projects, including the expansion of hydrogen and electric charging infrastructure. For example, the REPower EU initiative has strengthened the commitment to switch to renewables, including in the transport sector. Supply chain issues and the scarcity of key commodities and raw materials can, however, make it difficult to ensure conditions for the realisation of large-scale infrastructure projects.

Developing an adequate project pipeline is also dependent on a conducive overall regulatory environment, from the EU level down to local communities. Especially excessively long permitting procedures can put into question the viability of many infrastructure projects. GIIA welcomes the European Commission's plans, as part of REPower EU, to **drastically accelerate permitting procedures**, in particular for renewable projects. This **streamlining of permitting procedures should be expanded to cover infrastructure projects necessary for the green transition of the transport sector**.

GIIA members have invested in 84 airports across 16 countries.

Closer cooperation between the European Commission, Member States and private investors would also benefit the planning and implementation of complex cross-border infrastructure projects. Whilst opportunities for all stakeholders to work together on identifying investment needs and developing investment opportunities could be strengthened, for example by **building on the concept of industrial alliances, to develop the pipeline**. The formation of the new Renewable and Low-Carbon Fuels Value Chain Industrial Alliance is a welcome step in this direction.

➢ Waterborne transport

The decarbonisation of waterborne transport also requires a significant increase in the availability of alternative fuels which will allow vessels to gradually reduce the carbon intensity of the energy they use.

At the same time, adequate onshore infrastructure needs to be available to allow vessels to reduce emissions while at berth and to provide the necessary re-fuelling and recharging capacities.

Similarly, for the greening of aviation it will be necessary to invest in production and distribution capacity for sustainable aviation fuels (SAF), and to reduce emissions from airport operations, for example, by investing in renewable energy production and use, and the provision of fixed electrical ground power and preconditioned air to stationary aircraft.

GIIA calls for a strong EU project pipeline for waterborne transport that takes into account the availability of alternative fuels and the need of adequate onshore infrastructure.

- **Aviation**

Globally, GIIA members have invested in 84 airports across 16 countries. These airports serve over 358 million passengers per year. In the EU, this includes airports in several Member States, such as Germany, France, Italy, Belgium, and Spain.

One of the challenges investors face when it comes to investing in sustainable aviation is **uncertainty around the investment horizon**, including the **lack of a strong project pipeline**.

There is no denying that aviation is one of the hardest to abate sectors. Currently there are no mature and widely available technologies that allow for significant GHG reductions in the aviation sector.

GIIA supports the EU's efforts to develop a strong EU infrastructure horizon in the aviation sector and stands ready to cooperate with the European Commission and Member States how to **maximise the role of private investors in upcoming projects**.

Austria Airport IFM

GIIA Member IFM Investors is a long-term investor in Vienna airport in Austria through its IFM Global Infrastructure Fund. It is supporting the airport's transition to becoming one of Europe's first green airports in the European Union by harnessing the power of the airports 24 hectares of solar PV infrastructure which provides one third of the airport's electricity demand.

Through this investment the airport also now operates over 450 EV vehicles, with supporting infrastructure, with other measures such as geothermal energy and LED lighting also being installed. In the future the airport will also benefit from CO2 neutral district heating reducing emissions by 85% compared to 2012, contributing to the airport's operations becoming CO2 free by 2023.

We strongly believe that these recommendations can help bridge the projected infrastructure funding gap and support the green transition of the transport sector. We look forward to working with EU institutions, Member States, and transport stakeholders to implement these aspects in future policies and to help set the EU transport sector on the path to sustainability.

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