SESSION KEY POINTS AND QUOTES

Transport for Growth: Developing Connectivity

Thursday, 3 May, 9:15-11:00

The Panel

- Melinda Crane - Moderator
- Norman Baker, Parliamentary Under-Secretary of State, Transport, UK
- Zhenglin Feng, Vice-Minister, Transport, China
- Susan Kurland, Assistant Secretary, Aviation and International Affairs, Department of Transportation, USA
- Doris Leuthard, Federal Councilor, Federal Department of the Environment, Transport and Communications, Switzerland
- Leo Varadkar, Minister, Transport, Tourism and Sport, Ireland
- Rüdiger Grube, Chairman and CEO, Deutsche Bahn, Germany
- Yoshiyuki Kasai, Chairman and Representative Director, Central Japan Railway Company, Japan

Overview of Session

Macroeconomic conditions have greatly deteriorated since 2008 and prospects for growth with them. Many policy-makers face the dilemma of having to reduce debt while also needing to invest in their country’s long-term growth potential. Transport facilitates economic growth, and the more so when it is seamless and highly efficient. This session focused on how the sector’s potential to drive sustainable economic recovery can be best harnessed.

Key Points:

- Globally, there is an imperative to make smart decisions about what to invest in and how to finance it.

- Economic crisis in developed countries has introduced important budgetary constraints that limit investment possibilities in transport developments. Nevertheless, in view of the importance of mobility as a catalyzer of economic development, there is general consent that it is not affordable not to invest in transport improvements.

- In the case of emerging economies, economic conditions are more favourable for coming up with investment but important challenges, such as income inequality and gaps between urban and rural sectors will require highly investment-intensive projects in the coming decades.
In terms of what to finance important cost-effective opportunities lay in removing small seams along mobility paths and between modes: transport hubs in rural areas, integrating cards, developing information platforms etc.

Investment in safety, accuracy and continuous technology development should be kept in the top of priorities.

Investments should be also done with the aim of creating low-carbon intensive and high quality options competitive with respect to carbon intensive ones.

Removal of trade obstacles at the borders is one of the central actions to generate economic growth.

Better mix of modes will bring life quality improvements and to a certain point could bring CO₂ reduction opportunities, but meeting with CO₂ reduction emission targets will depend on the penetration of new technologies.

Project assessment is particularly important to avoid directing funds to places with no or little demand.

In terms of how to finance, adjustment programs that shift savings in other sectors into transport and the creation of special funds for mobility are ways in which some countries (such as the UK, Switzerland) are assuring public funding.

When governments cannot go completely public, which most of them can’t, private public partnerships (PPPs) are a viable source of funding. In this case, government rules should be clear, prices should be right, and projects have to correspond to policy. Only when these elements have been decided on, should the project be taken to the market.

**Key Quotes:**

"Transport is the circulatory system of our economies.” - Angel Gurria

“If you wait for a sunny day budgetary speaking, you will never do anything.” - Angel Gurria

**Staff Contact:**

Kurt Van Dender
kurt.vandender@oecd.org