

Informal Transport Council

Public-private partnership: European model debated

By Jakub Iwaniuk in Sopot | Tuesday 06 September 2011

The Polish EU Presidency chose to make public-private partnership (PPP) the main item of discussion at the informal meeting of transport ministers, which ended on 6 September in Sopot, Poland. The Polish government is determined to launch a debate on the definition of a European model for this mode of financing. "Poland expects this meeting to mark the start of serious work on European rules for PPP, its definition, risk-sharing and the consequences on debt and deficit, so that decision makers can have clear rules before they put out invitations to tender," Polish State Secretary at the Infrastructure Ministry Radoslaw Stepień told *Europolitics*. Given the "European problem" of deficit and debt, Poland – like most of the new member states – sees PPP as an opportunity to help make good its delay on infrastructure, while minimising the impact on public finances.

What poses a problem for Poland is that Eurostat currently includes the public share of PPP in debt and deficit statistics. This is precisely what Warsaw would like to change by defining a European model. "What we fear is that, after the conclusion of the negotiation process and the signature of the contract, the expenses will be classified in deficit and debt," added Stepień. "In that case, the principle of PPP loses its appeal. That is why we are holding discussions at European level and with Eurostat to have this certainty that the launch of an invitation to tender for a new PPP will not have repercussions on our deficit and debt." However, according to a ministerial source who attended the meetings, "it would be virtually impossible to design such a system, as several delegations signalled. Once there is public expenditure, it is difficult not to enter it in the books."

The problem facing Warsaw is that certain 'old' member states, which have had well-defined and effective PPP rules for a long time, question the relevance of European action. "We are not convinced of the need for a harmonised system at European level," said a member of the French delegation. "Each country has its own specific characteristics to be taken into account." A ministerial source nevertheless said that, during the meeting, none of the delegations strongly objected to a "European framework" for PPP.

What would such a framework entail? For Commissioner Siim Kallas, "the challenge for now is to promote good practices and good governance, along the lines of investments made in partnership with the EIB. But there is no strong and centralised European legislation in the works". According to Polish Infrastructures Minister Cezary Grabarczyk, the European model should nevertheless emulate pioneers in PPP, such as the United Kingdom, France and Germany.

The transport ministers of the European People's Party (EPP) met in Sopot prior to the informal meeting of the EU ministers to review a resolution on the role and importance of PPPs. They urged the Commission to formulate clear-cut legislation on PPPs and requested Eurostat to assume a well-defined position on the subject, thus avoiding further lengthy and time-consuming speculation on its impact on the public debt.