

Budapest, 5 June 2007

Mr. Edgar Thielmann

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR ENERGY AND TRANSPORT

DIRECTORATE B - Transeuropean Networks Energy & Transport
The Director (acting)

B-1049 Brussels

Dear Mr. Thielmann,

Referring to your letter of 04 May 2007 (TREN/B1/SM/ nr D(2007) 310670), I would like to express my satisfaction with your position that “the Community is moving towards the vision that the CAAG wish to see: with a fully functioning internal market, balanced and sustainable development, a strengthening of economic and social cohesion and on the transport front, an emphasis on sustainability and more environmentally friendly modes of transport.”

I fully agree with your statement that “an efficient transport system needs to include road - most journeys of freight and passenger begin and end with a trip on the road. ... Refraining from further development or allowing existing road infrastructure to deteriorate will harm efforts to make the internal market a reality. It follows from this that in its efforts to develop and improve its road infrastructure, it does not mean that Hungary is somehow working contrary to the aims of the internal market.”

I also share with you the common view that developing and improving the road infrastructure should be done in conformity with the “polluter pays” principle. Although you are right that “there is no commonly agreed methodology for calculating costs”, it is clear from the existing studies (including those financed by the European Commission) that road transport is not paying its full costs in any country of the European Union. The Commission stated this already in many of its documents, and made it clear that these costs must be internalised into the prices. Therefore it is evident that developing and improving the road infrastructure from the EU Funds would be contrary to the principles of the free market and the polluter pays principle – i.e. this can be definitely stated without any further research concerning external costs. These developments and improvements must be financed by the users themselves (through the infrastructure charging mentioned in your letter, and through other means).

You are right that a Strategic Environmental Assessment has been completed on the Transport Operational Programme of Hungary. From this SEA it is clear that the Transport Operational Programme does not meet the sustainability criteria (see especially chapters 2.3.3. and 4.11.-4.13. of the Hungarian version). Therefore on the basis of the present Transport Operational Programme no EU aid can be provided to Hungary, as this would contradict the EU legislation (especially Council Regulations EC 1083/2006 and EC 1084/2006).

Concerning fraud I did not suggest that there is any evidence that the EU aid will be misused in a fraudulent way. However I did state that today fraudulent activities are generally characteristic of road transport in Hungary. These fraudulent activities (if no change will occur) will cause much bigger loss to the Hungarian state in the next seven years than the sum of the expected EU aid for Hungarian road infrastructure in the same period. I think that it will be very difficult to explain to the EU taxpayers if their money is spent on a sector which could otherwise be well financed if the state would not tolerate fraudulent activities.

In view of the above, the conclusion can really be only the one which you stated in your letter: „...we cannot not share your view that there is a case for withholding funds from further development of road transport.”

I am sending a copy of this letter to DG REGIO.

Yours sincerely,

András Lukács
President