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Themes in the Development of the European Network Economy

The network sectors are key to Europe’s position in the modern global economy and, as one leg of the ‘triad’ of regions that dominates the international business environment, Europe’s policy-corporate strategy interface is potentially highly significant, both within the continent and beyond. The conceptual framework offered in Chapter 1 seeks to identify the nature of the policy-strategy interface which, over the past two decades has altered in line with more passive industrial policies and decreasing state involvement.

The European Commission has promoted a process of regime shift (alongside and complementing that occurring at the nation state level) whereby it sought to remove network fragmentation by creating a network of networks. This process was to be realised through and supported by market processes. The actions of private operators, so the Commission hoped, would drive the harmonious development of networks across Europe and offer market-driven solutions to the key problems faced by the respective network industries. These networks do not merely reflect private concerns: each also performs socioeconomic functions which secure the rights and needs of humanity as well as offering commercial support to business. Thus, the networks have to address broad social as well as private commercial needs and the crux of the policy-corporate strategy interface is the extent to which policy makers have faith in markets and the extent to which markets can fulfil these needs. These are represented by the mobility gap, security of energy supply and the emergent information society.

Inevitably, this process of regime shift has taken place against a background of technological and commercial change. This has created new
challenges as well as new strategies and business models and resulted in potentially new solutions to key policy problems. The maturity of competition has led to new types of services and to increased competition within specific sectors that has allowed some operators to alter the way in which infrastructure is viewed as a transport and distribution mechanism. These developments have just as much potential to alter the planning and development of infrastructure as many of the issues raised above.

Reflections on the policy/strategy framework

What marks the TENs sectors out from many other sectors is the combination of the essential support they give to the rest of the economy and the non-commercial, politically-related factors which cause nation states to continue to intervene in these sectors to varying degrees, even after they have relinquished key aspects of their control. It is the contribution of the TENs sectors to the basic economic functions of communications, mobility and production, which oil the wheels of trade and commerce, that confers particular economic importance upon them. Not only does the success or otherwise of these key sectors have serious implications for the competitiveness of European economies but their impact spills over into other spheres, giving each sector a significant political dimension. It is this ongoing tension between the commercial and the political which has been a recurring theme throughout this book and which the basic framework developed in this volume addresses.

Transport

The main transport policy objective, both at member state and EU level, is to ensure there is sufficient mobility to support commercial transactions at all levels, that is, locally, nationally, intra-EU and extra-EU. Intra-EU trade, in particular, has grown in line with the evolution of the single market and the single currency. Failure to develop the infrastructure that supports this additional cross-border trade undermines the efforts to develop the single market. Bottlenecks, congestion and inadequate links between the periphery and the rest of the Community continue to dog Europe’s transport networks. In addition to the general obstacle that transport networks have traditionally been designed and developed within national borders and without too much consideration of the benefits of transnational interconnection, Europe’s transport networks are composed of several modes – road, rail,