

# 2020-08 THE IMPACT OF NETWORK INFRASTRUCTURE ON THE ECONOMY

As a conduit for transport flows (physical or virtual), network infrastructures deliver essential needs to our doorstep, facilitating the movement of people, goods, energy and information. They are also critical to development and growth, and to the attractiveness and competitiveness of our economy. In this paper, the ESEC has chosen to focus on three key sectors related to the network economy: transport, energy and telecommunications.

Although France has one of the best infrastructure networks in the world in terms of size and accessibility, there is a huge backlog of investment needed to maintain and modernise it, at a time when the major challenges of the century – the ecological transition, the digital revolution, and the need for regional solidarity and equity, which the council is firmly committed to – are looming large. Never have networks provided so many critical services: to deny access to these services, or to provide them at prices deemed discriminatory, engenders a form of exclusion that has been widely described in previous ESEC reports (*“Fractures and transitions: reconciling France”*, in particular).

Although the objectives of these networks appear to be varied and fragmented along economic, social, environmental and regional lines, with this opinion, the ESEC wishes to reaffirm the need for a cross-cutting, government-led strategic vision. Deciding which projects to support and fund requires greater national support, which the Council hopes to see. Investment choices and the very design of infrastructure must evolve to serve the public interest, in transparency and consultation with all stakeholders, while contributing to the ecological transition.

This is why our Assembly is calling for a renewed commitment to investment. The financial environment, with a chaotic stock market and interest rates, and especially the fragile macro-economic environment and the badly-needed recovery following the health crisis, are precisely the right factors to facilitate the recovery via an ambitious infrastructure policy, with significant multiplier effects that are beneficial to all economic actors.

With recommendations for increasing sovereignty, combating social and regional disparities and promoting



**Fanny Arav**

is an economist and urban planner, as well as an executive director of UNSA-Ferroviaire. She is a member of the ESEC's Economic Activities Section, where she represents the UNSA group.

### Contact:

fanny.arav@lecese.fr  
01 44 43 64 24

the ecological transition, this paper is in many respects a follow-up to the opinion *“Fractures and transitions: reconciling France”* adopted by the Council last March. It offers ways to ensure that service and production conditions are economically and qualitatively accessible to all users throughout the country.

## IN THESE RESPECTS, THE ESEC RECOMMENDS:

- 1. that the government strengthen the guarantees of national sovereignty for network infrastructures that are essential to our economic influence and critical for social cohesion; to achieve this, the government must once again assume its role as a strategist when it comes to network infrastructure, with a cross-cutting and long-term vision;
- 2. that an assessment be made on deregulation directives in the various sectors in order to measure their consequences from an economic, social and environmental point of view;
- 3. that the full costs including environmental externalities be incorporated into pricing systems to avoid distortions of competition within sectors (rail/road, electricity/gas);
- 4. that regulatory agencies cooperate upstream and downstream to fight more effectively against monopolies and new forms of market concentration, and that the oversight capacity of the DGCCRF be strengthened with additional expertise and staff;
- 5. that all economic actors have equal access to essential services provided by network infrastructure;
- 6. that the principle of equalisation be fully applied and upheld through adequate pricing that ensures effective access to mobility rights, energy and universal telecommunications service;
- 7. that certain investment expenditures on network infrastructure may be taken out of the public deficit calculation;
- 8. that the government commission a working group to work on the accounting methods used and the related financial valuations, and to define appropriate indicators that would make it possible to record, in the infrastructure managers' balance sheets, an asset value that truly reflects the state of the networks and takes into account, in particular, their wear and tear and their suitability for changes in use;
- 9. that the backlog of investment in the financial planning for network infrastructure be urgently addressed, not only to maintain a minimum level of quality, but also to enable its improvement and modernisation;
- 10. that the relevance, appropriateness and size of network infrastructures be considered at a very early stage in a more scalable design, so that they incorporate technological innovations and new needs;
- 11. that the social and societal externalities of infrastructure on the environment, which are still poorly conceptualised in socio-economic calculations, be taken into account through environmental assessments;
- 12. that the government revive efforts to significantly reduce the discount rate applied over a project's lifespan;
- 13. that the government adopt a long-term, multisectoral and multi-year network infrastructure strategy and that it appoint an existing body to prepare and coordinate it;
- 14. that a general assessment of PPPs be carried out, involving all the relevant actors, with appropriate scopes that are consistent with their respective purposes; that government departments be strengthened with additional economic and legal expertise in order to ensure vigilant and transparent monitoring at every stage of the public-private partnership contracts;
- 15. that a multi-year industry programme be linked to a multi-year network infrastructure programme, which should include maintenance, upkeep and modernisation and be provided with financial resources commensurate with the challenges;
- 16. that more attractive careers be developed within the sectors, taking into account skills acquisition and providing for retraining and bridges between sectors.