

Berlingske, 19 February

Chock price on Fehmarn may endanger tunnel

The state's developer company missed the price tag by 25% for the tunnel between Rødby and Puttgarden. Additional delay of the tunnel, upgraded railway and a new bridge in Denmark is now likely.

A mistaken estimate of around 25%, corresponding to DKK 9 billion, for the price for a fixed tunnel connection between Rødby and Puttgarden has chocked both politicians and business men, whom have otherwise been strong proponents of investing in the fixed connection between Scandinavia and the continent.

The news about the increase in construction costs based on the construction companies' bids was published Tuesday evening, and if the price is not reduced significantly and the expected subsidies from the EU are secured, the tunnel project may be in danger. So said Transport Minister Magnus Heunicke.

Is the mistake large enough to mean that there is a problem in Femern A/S?

"It is very serious and not acceptable that the prices estimates are that much off the charts. It is therefore completely decisive that they are negotiated to a lower level now," said Magnus Heunicke.

Can the price and the other uncertainties threaten the project as such?

"Yes, they can. If we cannot solve the uncertainties, the connection cannot be realized," said Magnus Heunicke.

In addition to the higher price, there is now doubt if the size of the EU's subsidies will be as expected, and there is doubt about the German time schedule for the upgrading of the railway from Puttgarden to Hamburg and about the German authorities' treatment of the project.

"As a bidder one should know that it is a fundamental necessity that the price is lowered, and **the EU should know that it is a fundamental necessity that support from the EU is granted.** We continue the Danish process of completing the construction bill, but we will not sign before the summer holidays as we need to address all questions," **said the Minister.**

Head of DI's Transport sector, Michael Svane, is also surprised over the construction companies' price for the construction of Fehmarn. But he assumes that the price can now be negotiated down through dialogue with the construction companies, which the state's developer Femern A/S now is tasked to do.

"The increased price does not make our hands shaky, and I have told that to the politicians behind the Fehmarn settlement. The benefits of the fixed connection are still very significant," he said.

Are estimates this wrong normal in the construction industry?

"You could probably find examples of that. But we need to take it easy and see how good the Fehmarn company is at negotiating down prices. They are not amateurs," said Michael Svane who trusts that he – despite being 57 years – will get a shot at driving through the tunnel to Germany.

Ferry company wants guarantees

At Femern A/S, Head of Communications Ajs Dam does not want to get into details of the reason why the price estimate for the Fehmarn project missed so much. But he states that the planned construction period, which should be initiated after the summer holidays and end in late 2021 is part of the explanation for the increased price.

“The construction companies have expressed that the time schedule was ambitious. But we are not satisfied and believe that the prices are too high,” he said.

At ferry company Scandlines, which operates the ferry route between Rødby and Puttgarden and which has stated for a longer period that the traffic prognoses for the fixed connection, there is some satisfaction that the Fehmarn connection may be delayed.

“We know about operating ferries, and we do not know about budgets for tunnel construction or the reasons why the price can end out DKK 9 billion higher than expected. But we consider it a good example that the prognoses for the project are not as robust as they would like to present them,” said Scandlines’ communications manager Anette Ustrup Svendsen.

“We are requesting a clear time schedule for the Fehmarn project. We would also like to see a clear statement that they are not digging up the motorway to our ferry facilities as we intend to continue sailing, also after the opening,” Anette Ustrup Svendsen states.

Will meet with German Minister

The Liberal Party’s spokesperson on traffic matters, Kristian Pihl Lorentzen, has already prepared the ground for accepting that the construction period may be prolonged by “a year or two” if necessary to reduce the tunnel’s price tag. At the same time, he established on Tuesday evening to Berlingske that the settlement parties’ support for the Fehmarn project is “undiminished and strong”.

A delay on the Danish side may just solve another problem apart from the price. The German Transport Minister Alexander Dobrindt recently announced that Germany’s upgrading of the railway from Puttgarden to Hamburg will be delayed by three years.

Delays on both the German and the Danish side may ultimately end up making the project’s time schedule work again. Transport Minister Magnus Heunicke is to meet with Alexander Dobrindt on 24 February, the day before he presents the construction bill in Parliament. The bill is to be passed before the summer holidays – with no consideration to price or time schedule.

Juncker's growth dream eats subsidies

The EU Commission's new investment fund has eaten one fifth of the funds from the EU's transport infrastructure program from which Denmark has expected to get funding for the Fehmarn connection.

There is a risk that DKK 10 billion – 18% of the construction costs - will lack if the EU refuses to subsidize the project because the funds are to be spent on the investment fund.

"It is a precondition for the project that EU support is granted to the construction phase. It is assumed in the financial analysis from November 2014 that an EU subsidy of 18% is granted to the Fehmarnbelt connection's construction phase. That is, among other things, based on a statement of 7 January 2014 from the Commission mentioning the project as one of five large cross-border projects in Europe," the Transport Ministry writes in a response in which former EU subsidies in the planning phase are mentioned as one reason for optimism.

The Liberal Party's spokesperson on transport matter, Kristian Pihl Lorentzen, hopes that the EU will subsidize the Fehmarn connection with funds even though the TEN-T chest has become lighter and competition for funds have increase. "In a EU perspective, it is a really good project. I do not think that other projects join together Europe quite like this," he said.

Part of Juncker package

Transport Minister Magnus Heunicke sad that he had "personally received statements" that he should go for 25% EU support. "Those statements should now be swapped with concrete subsidies. And it is decisive that we can show that the project is moving forward," the Minister said.

Chairman of the EU Commission, Jean-Claude Juncker, has wanted to provide the growth fund with EU basic funding and he has therefore channeled funds from the Connecting Europe Facility-program which is the financing source for TEN-T where Denmark has applied for funds to Fehmarn.

According to Børsen's information, the project is in the running to receive subsidies from the Juncker package, which is to be presented in June with a number of concrete projects.

Contract in September

The Danish government will not sign contracts with construction companies before September to ensure that the financing is in place before the construction project may begin. On 25 February, the construction bill is presented to allow the government to apply for EU subsidies in time.

It is not clear how the EU funds from the Juncker package, which are to be pooled with private investments and thus demand a return, should be amended to the Fehmarn project.