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TO THE COUNCIL, THE EUROPEAN PARLIAMENT,
THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE
AND THE COMMITTEE OF THE REGIONS**

**TRANS-EUROPEAN NETWORKS
2001 ANNUAL REPORT**

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TABLE OF CONTENTS

Executive Summary: An Overview of TEN in 2001	5
1. Progress with specific projects.....	11
1.1. Energy	11
1.2. Telecommunications	11
1.3. Transport	11
2. New directions and developments; legislation; TEN committees and joint working group	13
2.1. New directions and developments	13
2.1.1. Energy	13
2.1.2. Telecommunications	14
2.1.3. Transport	15
2.2. Legislation.....	20
2.2.1. Revision of the TEN Financial Regulation	20
2.2.2. Revision of the TEN-E guidelines	20
2.2.3. Revision of the TEN-Telecom guidelines.....	21
2.2.4. Revision of the TEN-T guidelines	21
2.3. Energy, Telecommunications and Transport Committees; Joint Working Group.....	22
2.3.1. Energy	22
2.3.2. Telecommunications	22
2.3.3. Transport	22
2.3.4. Joint Working Group (Transport/Environment)	23
3. Financing the TEN	23
3.1. Energy	23
3.2. Telecommunications	24
3.3. Transport	24
3.4. IDA.....	27
3.5. Structural Funds and Cohesion Fund	27
3.5.1. ERDF	27
3.5.2. Cohesion Fund	27
3.6. European Investment Bank (EIB) loans.....	29

3.7.	Member State financing	31
3.8.	Financing infrastructure in third countries	31
3.8.1.	PHARE.....	31
3.8.2.	CARDS	31
3.8.3.	TACIS	32
3.8.4.	MEDA	32
3.8.5.	ISPA	32
4.	Financing the TEN: Other issues	36
4.1.	Multiannual Indicative Programme for TEN-T (2001-2006)	36
4.2.	TEN-T budget outside the MIP	38
4.3.	The TEN Risk Capital Facility.....	39
5.	Evaluation	40
5.1.	Energy	40
5.2.	Telecommunications	40
5.3.	Transport	40
6.	External Relations	41
6.1.	Energy	41
6.2.	Transport	42
7.	Other Union policies with a TEN dimension	46
7.1.	Environment.....	46
7.2.	Research and Development.....	46
7.3.	Competition.....	47

LIST OF TABLES

Table 1: Community financing of the TEN in 2001 (<i>EUR m</i>)	10
Table 2: TEN Energy Commitments (<i>EUR m</i>)	24
Table 3: TEN-T 2001 – Financial support and number of proposed actions by category	25
Table 4: TEN 2001 proposed actions and support by type and by form.....	26
Table 5: Transport Modes	26
Table 6: Amounts committed through the Cohesion Fund to finance TEN-Transport, by country.....	28
Table 7: TEN financing decisions taken in 2001 under the Cohesion Fund, by country and by mode, as percentages.....	28
Table 8: EIB lending for TEN (<i>EUR m</i>).....	30
Table 9: ISPA Budget 2001 – Transport sector, by sub-sector.....	33
Table 10: ISPA Budget 2001: Commitments by country.....	33
Table 11: ISPA finance for transport projects decided in 2000 and 2001	34
Table 12: TEN-T Multiannual Indicative Programme 2001-06- Framework Decision.....	37

EXECUTIVE SUMMARY : AN OVERVIEW OF TEN IN 2001

The Commission is submitting the "Trans-European Networks (TEN) 2001 Annual Report" to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions pursuant to Article 16 of Regulation No 2236/95 as amended by Regulation No 1655/99 of the European Parliament and of the Council, laying down general rules for the granting of Community financial aid in the field of trans-European networks.

2001 was the first year of implementation of the 2001-2006 Multiannual Indicative Programme (MIP) for Transport TEN set up under the TEN Financial Regulation (Council Regulation No 2236/95). The MIP was established to streamline and improve the management of the transeuropean transport network: it encompasses the on-going "Essen" priority projects plus the new policy priorities, namely the Galileo project, the removal of bottlenecks on the TEN-T rail network, cross-border projects and intelligent transport systems for the road and air systems. More details on the MIP are given in section 4.1 and Annex X.

1. CONCRETE PROGRESS ON SPECIFIC PROJECTS

Energy: by end 2001, 6 priority projects were in operation, 1 was under construction and 3 were in the redefinition / authorisation phases.

Telecommunications: increased attention was paid to business plans by means of the support project BPS (Business Planning Service), which gave expert advice to the project participants to help them redress this deficit.

Transport: 2001 can be described as a successful year for the implementation of the 14 projects identified by the Essen European Council. Two of these projects were completed, most of the others progressed well in line with the foreseen schedule, and only a few encountered constraining problems or delays.

Details are given in section 1 and the annexes.

2. NEW DIRECTIONS AND DEVELOPMENTS; LEGISLATION; TEN COMMITTEES AND JOINT WORKING GROUP

On 2 October the Commission presented a proposal for the modification of the TEN Financial Regulation, i.e. regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks.

In addition, following its Communication on energy infrastructure (COM(2001) 775) the Commission identified a number of gaps in the trans-European energy network. It was therefore decided to extend the proposal (including the 20% maximum rate of support) to include priority energy projects

Energy:

The Commission proposed on 20 December 2001 a revision to the Decision 1254/96/EC on Community guidelines for the development of the trans-European energy networks.

A Communication on European Energy Infrastructure COM(2001) 775 final was presented 20 December 2001.

The TEN-E financial assistance Committee met once in 2001.

Telecommunications:

The Commission completed an assessment of the implementation of Decision 1336/97/EC during the period July 1997 to June 2000. On this basis, the Commission put forward proposals for an amendment of the guidelines for trans-European telecommunications networks on 10 December 2001.

The financial assistance Committee for telecommunications met three times.

Transport:

1.New directions and developments:

- The Commission's White Paper on the European Transport Policy: In September 2001, the Commission adopted its White Paper "European Transport Policy for 2010: time to decide". The White Paper proposes a programme of some 60 measures that will allow a gradual decoupling of transport growth from GDP growth, as recommended in the Sustainable Development Strategy agreed by the Gothenburg European Council in June 2001.
- Interoperability of TEN Transport rail networks: Interoperability of the rail networks is one of the key levers of a policy to integrate the national conventional rail systems so as to make international services more competitive. In the case of high-speed rail transport, the Community implemented this objective in 1996 by adopting a Directive on the interoperability of the high-speed system. The essential purpose of Directive 2001/16/EC, adopted on 19 March 2001, was to extend the mechanisms created for the high-speed network to the conventional rail network, with a few modifications.
- The European Railways Traffic Management System (ERTMS) is an umbrella programme bringing together three main streams of development activity in the areas of control/command and signalling (ERTMS/ETCS), telecommunications (GSM-R) and traffic management (ERTMS/ETML). Overall, work in 2001 progressed on a sound track in terms of both horizontal and vertical streams.
- The "rail infrastructure package": In 1998 the Commission presented three rail infrastructure proposals: the "infrastructure package". These three Directives were ratified by the Council on 20 December 2000 and by the European Parliament at a "mini-session" on 1 February 2001. They were published on 15 March 2001, and entered into force on the same date. Member States were given two years in which to transpose them.

- Air traffic management: The TEN-T programme is an important financial instrument which supports the implementation of an efficient trans-European network encompassing national ATM systems, particularly by promoting interoperability, interconnection and technical advances.
- Airports: In line with the priorities set for airport policy, which also appear in the Commission's White Paper on Transport, particular care has been taken to foster intermodality and protect the environment. In fact, five of the eight newly supported projects concern air/rail intermodality.

2. Legislation:

- Revision of the TEN Financial Regulation: To meet the challenges detailed in the White Paper for the near future, on 2 October 2001¹ the Commission presented a proposal² for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks to increase the maximum rate of Community support, in exceptional cases, from 10% to 20 %.
- Revision of the TEN-T guidelines: On 2 October 2001 the Commission proposed a revision of Decision 1692/96/EC on Community guidelines for the development of the trans-European transport network. The proposal, which is contained in the White Paper, concentrates investment on a few horizontal priorities and a limited number of specific projects

3. Transport Committee: The financial assistance Committee for transport met three times, and the TEN-T Guidelines Committee met once during 2001.

The Joint Working Group (Transport /Environment): In June 1998, the Cardiff European Council invited the Transport, Energy and Agriculture Councils to develop strategies to promote environmental integration and sustainable development within their respective policy areas. In response to this request, the Transport Council developed such a strategy for the transport sector and this was approved at its meeting of October 1999. The Council provided for a regular review of the strategy on the basis of reports from the Commission, with the first review to take place by June 2001.

3. FINANCING THE TEN

The appropriations allocated under the TEN 2001 budget amount to:

- Transport: EUR 563 million;
- Energy: EUR 19 million;
- Telecommunications: EUR 30.4 million.

For a detailed overview of Community financing of the TEN in 2001, see Tables 1-5.

¹ COM(2001) 545.

² Amended by COM 2002/134. Amended by the EP at first reading in July 2002. The proposal is currently being discussed with the Financial Counsellors of the Permanent Representations at the Council.

A number of actions in TEN were financed by the Structural Funds and Cohesion Fund (Tables 6-7), and by the European Investment Bank (EIB) loans (Table 8).

Financing infrastructure in third countries: The PHARE, CARDS, TACIS, MEDA, ISPA instruments ensured financing of actions in candidate and third countries

4. FINANCING THE TEN: OTHER ISSUES

Multiannual Indicative Programme (MIP) for TEN-T (2001-2006): In September 2001 the European Commission adopted Decision No 2654 on the Indicative Multiannual Programme for the funding of the Trans-European Transport Network over the 2001-2006 period. After assessing all bids received, the Commission allocated indicatively EUR 2 780 million to the successful projects. Nearly 50% of this amount will go to the large infrastructure projects endorsed by the 1994 Essen European Council, 20% will go to the Galileo programme and the rest will be shared between various railway bottlenecks, cross-border projects and intelligent transport systems.

The budget outside the MIP: 53 transport infrastructure projects and studies were selected to be co-financed through the ordinary annual part of the TEN-T 2001 budget in accordance with Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks.

The TEN Risk Capital Facility: Due to the high leverage effect, the TEN Risk Capital Facility (RCF) will not only provide additional means for a sector where market failures are perceived to exist, but also support the development of innovative financial instruments in a sector that is traditionally focused on grants. In contrast to interest-rate subsidies or other forms of grants, contributions made under this Facility will also be recoverable.

5. EVALUATION

Energy: 2001 was a transition year in terms of evaluation of the TEN-Energy Programme, as the mid-term evaluation was carried out in 1999, and the next one will not be done before 2003/2004.

Telecommunications: All projects were reviewed at least once in 2001. In total, seven projects were found to be insufficient either for technical reasons or because there was held to be no prospect of viable services resulting from them, and the decision was taken to terminate them

Transport: Projects funded under the TEN-T budget line are not just examined at the application stage; they are also subject to thorough mid-term and ex-post evaluation to check conformity with the original objectives.

2001 was also a transition year, as the mid-term evaluation will take place in the year 2003/2004. However, every year TEN-T projects are examined and assessed through Individual Project Status Report submitted by the promoters with the agreement of the Member States concerned.

6. EXTERNAL RELATIONS

Regarding the development of the networks, the Commission proposal for the revision of the TEN-E Guidelines will strengthen the external dimension aspects of the EU for five electricity projects.

Negotiations for the enlargement of the Union are progressing well, and have clarified the significant transport needs of the applicant countries³.

In 2001 important investments along the Pan-European corridors have been made.

7. OTHER UNION POLICIES WITH A TEN DIMENSION

Environment

In the allocation of the TEN budget for the year 2001, a special attention was paid to the conformity of co-financed actions with Community environmental legislation. In particular, a specific declaration by the authority in the Member State responsible for monitoring of Natura 2000 sites was requested.

Research and Development

Under the fifth Framework Programme for Research, Technological Development and Demonstration (1998-2002) many projects contributing to the development and implementation of TEN-T policies had been already initiated in several key actions and programmes. Other projects were launched during 2001 and will start to provide useful results in the near future.

Competition

In the interest of consumers and of the Community as a whole, TEN projects have been selected and managed in a way that takes fully into account the potential benefits of competition. In this regard, proper access to TEN must be guaranteed in accordance with the applicable rules in the relevant sector.

³ In view of the EU's enlargement in 2004, and to help prepare the proposal for a major revision of the TEN-T guidelines in 2003, a High Level Group will be constituted under the chairmanship of former Commissioner Mr Karel Van Miert, with the participation of all Member States and, for the first time, senior observers from the Accession countries

Table 1: Community financing of the TEN in 2001 (EUR m)

<i>Sector</i>	<i>Type of assistance</i>	<i>Instrument</i>	<i>1993-1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001⁴</i>
<i>Transport</i>	<i>Loans</i>	<i>EIB⁵⁻⁶</i>	7 666	3 504	4 943	4 415	5 977	4989	5161
	<i>Loan guarantees</i>	<i>EIF⁵⁻⁶</i>	161	303	55	71	256	55	<i>n.a</i>
	<i>Grants</i>	<i>ERDF⁶⁻⁷</i>	999	2 639	527	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	2200 ⁹
		<i>Cohesion Fund</i>	2 995	1 221	1 251	1 337	444	1287	1318
	<i>Grants, interest rate subsidies, loan guarantees and co-financing of studies</i>	<i>TEN budget line B5-700</i>	625	280	352	474	497	581	563
		<i>(Of which the specific projects)</i>	362	211	211	305	266	288 ⁸	247
<i>Energy</i>	<i>Loans</i>	<i>EIB⁵⁻⁶</i>	1992	1415	854	393	174	392	220
	<i>Guarantees</i>	<i>EIF⁵⁻⁶</i>	220	270	4	5	0	0	<i>n.a</i>
	<i>Grants and co-financing of studies</i>	<i>Structural Funds</i>	764	1 265	277	<i>n.a.</i>	355	<i>n.a.</i>	<i>n.a</i>
		<i>TEN budget line B5-710</i>	12	9	24	19	29	14	19
<i>Telecommunications</i>	<i>Loans</i>	<i>EIB⁵⁻⁶⁻⁹</i>	4 295	1 626	1 880	3 434	2 126	2726	994
	<i>Guarantees</i>	<i>EIF⁵⁻⁶⁻⁸</i>	175	9	276	230	44	165	<i>n.a</i>
	<i>Financial contributions</i>	<i>Structural Funds</i>	295	173	<i>n.a.</i>	<i>n.a.</i>	387 ¹⁰	<i>n.a.</i>	<i>n.a</i>
	<i>Co-financing of feasibility and validation studies and deployment projects</i>	<i>TEN budget line B5-720</i>	45	16	27	28	22	35	<i>n.a</i>
<i>Telematic Networks</i>	<i>Grants</i>	<i>TEN budget line B5-721</i>	119	44	47	15	21	22	<i>n.a</i>

NB: n.a. = not available

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- ⁴ Funds committed.
⁵ Signed contracts.
⁶ TEN and TEN-related projects.
⁷ Usually includes appropriations committed for the period 1996-1999.
⁸ Including rail traffic management.
⁹ Estimate.
¹⁰ TEN-related projects only.

1. PROGRESS WITH SPECIFIC PROJECTS

1.1. Energy

By the end of 2001, the state of play with the Essen priority projects was as follows: six priority projects were completed (the five gas projects and the Portugal–Spain electricity link), one priority project was being implemented (the Italy–Greece electricity link) and three priority projects were in the redefinition/authorisation phases (the France–Spain, France–Italy and East–West Denmark electricity links).

In fact, the Italy–Greece electricity link entered the final construction and test phases during 2001, and went into operation in July 2002.

1.2. Telecommunications

An intermediate evaluation conducted by independent consultants¹¹ revealed that although the primary objective of projects at that stage was the production of a business plan, these business plans were generally the weakest element. Increased attention was therefore paid to this aspect of all projects by means of the BPS (Business Planning Service) support project, which gave expert advice to project participants to help them make good this shortcoming.

1.3. Transport

The trans-European transport network is an ambitious programme for the construction, modernisation and interconnection of Europe's major transport infrastructures.

A. Essen priority projects

The 14 priority projects (PP) presented diverse implementation progress rates in 2001. Their progresses can be summarised as follows.

PP1 (Berlin- Halle/Leipzig- Erfurt Nuremberg; Munich-Verona (Brenner axis): major works have been going on in particular in the Berlin node and on the Nürnberg - München section. The technical studies for the Wörgl - Baumkirchen section (Austrian access route to planned Brenner base tunnel - Lower Inn Valley section) have been completed; negotiations towards the building permit award have been launched and are expected to be completed in early 2002. The technical, economical, geological and environmental studies for the critical section of the whole priority project - the Brenner base tunnel - have been progressing according to plan; the organisation in charge of these studies - Brenner Base Tunnel European Economic Interest Grouping, seated in Innsbruck - expects to complete the first study phase in 2002. On the Italian side, several long tunnels have been build to improve the line alignment and reduce sections with high gradient. In particular, the 'Fleres' tunnel (7.4 km), completed in 2001 and the new line alignment at 'Ceraino', put in service the previous year, permit to avoid former sections of line which could be considered as bottlenecks.

¹¹ Intermediate Evaluation of the TEN-Telecom Action, PLS Rambøll, May 2001.

PP 2 (High-speed train (Paris-Brussels-Cologne-Amsterdam-London): works on the 175 km long new Köln - Frankfurt line are progressing as planned; it is expected that the target for the opening of the line (Summer 2002) will be met. Works are also going on according to plan on the Dutch, UK and Belgian parts (the new Louvain - Liège section planned to be opened at the end of 2002) so that, at this stage, it can be expected that the full completion of the PBKAL project will be achieved by 2007.

PP3 (High-speed train south: Madrid-Barcelona-Perpignan-Montpellier Madrid-Vitoria-Dax): on the Mediterranean branch, the Lleida-Barcelona and Barcelona-Perpignan sections advanced in conformity with the respective schedules; on the Atlantic branch, the construction of the section Valladolid-Madrid also progressed well, while the section Valladolid-Vitoria-Bilbao-Dax was still under study. The tendering procedures to put under concession Perpignan-Figueras, the international section of TGV South, were initiated and the awarding is stipulated by mid-2002

PP 4 (High-speed train east: Paris-Metz-Strasbourg-Appenweier-(Karlsruhe) with junctions to Metz-Saarbrücken- Mannheim and Metz-Luxembourg): German part: works on the Northern branch (Saarbrücken - Ludwigshafen) progressed largely as planned. On the French part, the first preparatory works were launched.

PP5 (Conventional rail/ combined transport: Betuwe line): works started in 1997. The Dintelhaven was completed in 1999, and the Botkel tunnel will be terminated in 2002.

PP6 (High-speed train/combined transport: France-Italy Lyons - Turin): a treaty committing France and Italy to build the section by 2015 was signed in Turin on 29 January 2001. Also, France and Italy agreed to replace the EEIG "Alpetunnel" by the French law company Lyon-Turin Ferroviaria (LTF) equally shared by RFF (Réseau Ferré de France) and RFI (Rete Ferroviaria Italiana). LTF's mandate is to speed up the study phase of the project to be in a position to start the works in 2006 at the latest.

PP 7 (Greek motorways: Pathe and Via Egnatia): works on the two axes composing the project progressed well: 66 km of Via Egnatia and 34 km of PATHE were completed in 2001. By end of 2001, Egnatia has achieved 50 percent of its completion (some 340 km out the 680 that constitute the whole project), and PATHE has been completed by 60 percent (some 460 km out of the 774 that constitute the whole project).

PP8 (Portugal/Spain multimodal link with the rest of Europe): works progressed regularly in 2001. The the Spanish section of th road corridor Lisbon - Seville will be completed in 2002, linking Seville to La Coruña in 7 hours travel. The central road corridor Lisbon-Valladolid is expected to be completed in its several components by end-2006. On the rail corridors, improvement on several sub-sections will be completed by 2002 mainly in the Northern lines and in the Southern line (Lisbon-Faro) including the opening to traffic of the existing rail on the Tejo bridge linking Lisbon to Coima.

PP9 (Conventional rail link Cork-Dublin-Belfast-Larne-Stranraer) was completed in 2001.

PP 10 (Malpensa airport) was completed in 2001.

PP11 (Fixed rail/road link between Denmark and Sweden), the Øresund link, went into service on schedule in July 2000, and after one year of operation, road traffic across the link has increased significantly.

PP 12 on the Swedish side progressed according to its schedule. Concerning Finland, the E 18 motorway section Paimio-Muurla of 35 km has advanced and expected to be delivered to the public at the end 2003 /beginning 2004.

PP13 progressed substantially in line with its implementation schedule despite some delays.

PP 14 (West Coast Main Line) encountered some difficulties to keep in line with the foreseen costs and timescale.

Detailed information of the TEN-T Essen priority projects is given in Annex II.

B. Intelligent Transport Systems

In 2001, various phases of projects funded before the MIP was adopted were completed, and the six projects begun within the MIP framework produced their first results. The six euro-regional projects now covering 14 Member States have led to the deployment on the trans-European road network (TERN) of *inter alia* traffic and weather monitoring systems, data exchange, and traffic control and information applications (e.g. variable message signs). Particular achievements have been made in the field of information systems and services, with a focus on the development of Internet-based information services provided to users by motorway operators. The results achieved in 2001 also indicate the substantial development of and potential for using new sources for data collection and provision of services: for example, pilot studies have focused on the use of mobile phones to calculate and provide travel times services on motorways.

2. NEW DIRECTIONS AND DEVELOPMENTS; LEGISLATION; TEN COMMITTEES AND JOINT WORKING GROUP

2.1. New directions and developments

2.1.1. Energy

The European Commission considered it important to address energy infrastructure issues and to take stock of the present situation and draw political attention to the need for action in this area. A Communication on European energy infrastructure (COM(2001) 775) final was presented on 20 December 2001.

The analysis contained in the communication established clearly that the existing gas and electricity infrastructure in the internal market is not being utilised in the most efficient manner. The very first steps must therefore be to guarantee transparency in actual network utilisation and ensure that incentives exist to remove bottlenecks. However, more efficient use of existing infrastructure alone will not be enough to alleviate congestion and meet the increasing demand for gas and electricity. Additional infrastructure is clearly required.

However, the measures being taken to deal with these bottlenecks generally appear inadequate, and greater action at both national and Community level is vital.

The Commission has therefore proposed a number of initiatives, which appear necessary in order to improve the EU's energy infrastructure situation. These initiatives can be grouped into the following five main areas:

- (1) Action to improve the use of existing infrastructure;
- (2) Action to ensure a stable regulatory environment conducive to investment in new infrastructure;
- (3) Action to re-focus Community financial support on priority projects. This will take the form of a revision of the TEN-Energy Guidelines to focus efforts on a short list of twelve priority projects of particular European interest. Without increasing the overall budget for TEN-Energy, the Commission has proposed to increase the ceiling for possible EU co-financing from 10% to 20% of the total investment costs of priority projects;
- (4) Action to ensure political awareness and commitment at Community and national level;
- (5) Action in relation to securing long-term gas supplies for Europe.

The completion of the internal market gives infrastructure development an important Community dimension. It is essential that there be political will at Community and national level to promote the consistent development and efficient use of infrastructure.

It is important that we continue to monitor security of supply and the situation with regard to the adequacy of energy infrastructure. The Commission has therefore proposed to report annually to the Council and the European Parliament on the state of Europe's energy infrastructure and to invite political action where necessary for the continued provision of energy infrastructure as the basis for providing affordable high-quality services and security of supply to consumers.

2.1.2. Telecommunications

The Commission completed an assessment of the implementation of Decision 1336/97/EC over the period July 1997–June 2000, together with a study on future requirements for trans-European networks in the telecommunications area. On this basis, on 10 December 2001 it put forward a proposal for an amendment of the guidelines for trans-European telecommunications networks.

The main thrust of the Commission proposal is to focus support on services normally provided by public authorities, in areas where competition does not normally apply. The proposal addresses on-line government and administration services, services for the disabled and the elderly, health services, services for education and culture, generic services, and the interconnection and interoperability of networks.

2.1.3. Transport

a) *The Commission's White Paper on the European Transport Policy*

In September 2001, the Commission adopted its White Paper "European Transport Policy for 2010: time to decide". In the light of worsening congestion and the external costs of transport, it advocated a change in the orientation of the Common Transport Policy based on a re-balancing of the various transport modes away from the predominance of road transport. If no measures are taken, road freight transport could increase by 50% between 1998 and 2010 and the cost of road congestion could double from its current level (equivalent to 0.5% of GDP).

The White Paper proposes a programme of some 60 measures, most of which can be grouped in the following categories: introduction of competition in the railways through regulated market opening; improvement and better enforcement of social and safety legislation in the road sector; promotion of intermodality, notably through the Marco Polo programme; carrying out targeted investment in the TENs for railways and other alternatives to road infrastructure, as provided for in the revision of the TEN Guidelines; creation of a Single European Sky; introducing a fair system of charging for the use of infrastructure; improving safety in transport, fixing the objective of a 50% reduction in road fatalities by 2010.

These measures will allow a gradual decoupling of transport growth from GDP growth, as recommended in the Sustainable Development Strategy agreed by the Gothenburg European Council in June 2001.

The White Paper also announced that the Commission would propose a directive on the interoperability of toll systems in order to support the overall pricing policy to be implemented between 2001 and 2010. This directive is of paramount importance to interoperability and continuity of service on the trans-European road network.

In October 2001 the Commission proposed a revision of the guidelines for the trans-European network. This proposal, whose adoption by December 2002 was called for by the Barcelona Council, reinforces the priority given to the first series of projects, takes stock of progress, and responds to new challenges with plans for six new priority projects, including deployment of the Galileo satellite system and the crossing of the Pyrenees by rail.

Facts and figures

The projected size of the trans-European transport network in 2010

75 200 kilometres of roads

79 400 kilometres of railways

430 airports

270 international seaports

210 inland ports

traffic management systems, user information and navigation services

TEN-T – costs and financing

estimate)	total estimated costs	EUR 400 billion (1996
	estimated total funding	EUR 16-20 billion per year
	Community funding in 2000-2006:	
	trans-European networks budget	EUR 4.2 billion
	Cohesion Fund	EUR 9 billion
	Structural Funds	EUR 4-6 billion
	annual loans by the European Investment Bank (in 2000)	EUR 6.6 billion

b) Interoperability of TEN-Transport rail networks

Interoperability of the rail networks is one of the key levers of a policy to integrate the national conventional rail systems so as to make international services more competitive. Greater interoperability, i.e. the capacity for trains to cross national frontiers without stopping or without the ironing-out of technical differences generating excessive costs, produces a significant increase in transport performance.

In the case of high-speed rail transport, the Community implemented this objective in 1996 by adopting a Directive on the interoperability of the high-speed system. The essential purpose of Directive 2001/16/EC, adopted on 19 March 2001, was to extend the mechanisms created for the high-speed network to the conventional rail network, with a few modifications.

These Directives introduced Community mechanisms for producing and adopting technical specifications for interoperability, along with common rules for assessing compliance with those specifications. As was the case with the high-speed Directive, Directive 2001/16 is the foundation of a three-tiered structure:

- the Directive itself, with the essential requirements to be met by the system;
- the Technical Specifications for Interoperability (TSI);
- all the other European specifications, especially the European standards of the European standardisation bodies CEN, Cenelec and ETSI.

Regarding the interoperability of the high-speed rail system, 2001 saw the production of the initial version of the TSI; in December 2001 the Commission presented the regulatory committee with six proposals for decisions relating to the high-speed TSI. They received a unanimous favourable opinion. These proposals for decisions related to the "control/command and signalling", "energy", "infrastructure", "maintenance", "operation" and "rolling stock" subsystems.

As for the interoperability of the trans-European conventional rail system, Directive 2001/16/EC of the European Parliament and of the Council was adopted on 19 March 2001 (OJ L 110, 20.04.2001, p. 1). The mandate to the AEIF(Association européenne pour l'interopérabilité ferroviaire) to produce the first group of priority

TSI for conventional rail elicited a favourable opinion from the regulatory committee in June 2001. These TSI concern the following:

- control/command and signalling;
- telematic applications for freight services;
- traffic operation and management (including staff qualifications for cross-border services);
- freight wagons;
- noise problems deriving from rolling stock and infrastructure.

In addition, work began on producing an architecture representative of the conventional network.

c) The European Railway Traffic Management System (ERTMS)

ERTMS is an umbrella programme bringing together three main streams of development activity in the areas of control/command and signalling (ERTMS/ETCS), telecommunications (GSM-R) and traffic management (ERTMS/ETML). Such applications should be geared towards the management of passenger and freight logistics across the value-chain of rail transport, contributing to the creation of a sound foundation on which to build intermodal door-to-door value-added services. This approach should lead to a significantly higher return on investments which are primarily safety related, whilst optimising through-transport services and the efficiency of rail operations.

The programme has a triple objective:

- to contribute to the interoperability of the trans-European rail network – not only inside the EU borders, but also anticipating the longer-term integration of Central and Eastern European networks;
- the creation of a single market for procurement, leading to significantly reduced equipment costs and the affordability of “state-of-the-art” signalling and telecommunication equipment and enabling the European supply industry to dominate world markets;
- to optimise rail operations on a Europe-wide scale, encouraging enhanced profitability and customer service and contributing to overall environmental, safety and energy efficiency objectives.

Overall, work in 2001 progressed on a sound track in terms of both horizontal and vertical streams. The former included those activities aimed at producing a set of common test specifications, operational regulations and safety assessment procedures to serve as a reference for the conformity assessment of ERTMS/ETCS products as well as a basis for putting ERTMS/ETCS installations into revenue service. The latter encompassed the completion of the trackside and on-board pilot installations enabling the start-up of system integration and field tests in France, Holland, Italy, Spain and the UK. Ancillary works included the continuation of feasibility studies for the implementation of ERTMS/ETCS on the Belgian rail network, as well as

support for similar activities carried out in Central and Eastern European countries under the aegis of ISPA. Finally, work continues to be conducted in conjunction with the on-going legislative work on the interoperability of the high-speed and conventional rail systems.

d) The "rail infrastructure package"

- Legislative context

In 1998 the Commission presented three rail infrastructure proposals: the "infrastructure package". The first proposal for a directive was designed to increase transparency in the various activities of the railway sector by providing for separate accounts for infrastructure management and rail services. The second proposal was designed to extend the provisions of Directive 95/18/EC on licensing to all railway undertakings established in the Community, irrespective if whether they provide the services referred to in Article 10 of Directive 91/440/EC, not least to prevent licences becoming an obstacle to market entry. The third proposal was to replace Directive 95/19/EC with a new directive on the allocation of railway infrastructure capacity and the levying of charges for the use of railway infrastructure (charges calculated on the basis of marginal cost).

The Directives were ratified by the Council on 20 December 2000 and by Parliament at a "mini-session" on 1 February 2001. They were published on 15 March 2001, and entered into force on the same date. Member States were given two years time to transpose them:

- Directive 2001/12/EC of 26 February 2001 amending Council Directive 91/440/EEC on the development of the Community's railways;
- Directive 2001/13/EC of 26 February 2001 amending Council Directive 95/18/EC on the licensing of railway undertakings;
- Directive 2001/14/EC of 26 February 2001 on the allocation of railway infrastructure capacity and the levying of charges for the use of railway infrastructure and safety certification.

The main features of the "infrastructure package" are:

- opening-up of the network: initially, international freight services will be opened up on the trans-European rail freight network defined in Directive 91/440, as amended. It was agreed that seven years after the Directive's entry into force, railway undertakings will have access to the whole of the European rail network for the international carriage of goods;
- the guarantee of access rights on the European freight network: access rights will now be guaranteed to all licensed rail operators which so request and which meet the safety conditions, while leaving Member States the option of granting broader access rights;
- separation of essential functions on the basis of a detailed and exhaustive list of tasks to be entrusted to an authority other than the railway operator, in the interest of non-discrimination. This separation is accompanied by the setting-up of an independent regulator in each country.

Within this frame, account is taken of particular situations in certain Member States:

- given the small size of its network, Luxembourg is exempted, during the transition period in which the separation of essential functions is not yet complete, from the obligation to set up an independent regulatory authority to ensure that separation; the derogation lasts until August 2004;
- given their isolation from the rest of the European network, Ireland and Greece were granted a similar derogation (for five years, renewable subject to authorisation from the Commission);
- setting of fees: the basic principle of levying charges at marginal cost was recognised but allowance is made for supplements on condition that the market supports this and provided the setting of fees remains transparent and non-discriminatory, while still guaranteeing the competitiveness of the international carriage of freight. The agreement includes an affirmation of the principle of infrastructure costs being covered by the user, while recognising that this is a long-term objective which depends on levying in relation to the other transport modes. The possibility was also allowed to reduce basic fees to encourage the use of under-exploited lines.
- safety: Article 7(2) of the Directive amending Directive 91/440/EEC stipulates that safety rules are to be laid down by bodies other than the railway operators, but are to be applied by the railway undertakings.

e) Air Traffic Management(ATM)

The TEN-T programme is an important financial instrument which supports the implementation of an efficient trans-European network encompassing national ATM systems, particularly by promoting interoperability, interconnection and technical advances.

The situation of chronic network under-capacity calls for steps to be taken down two separate but parallel avenues as part of the Single European Sky initiative:

removing and/or relieving major bottlenecks in the network wherever and whenever capacity shortages materialise; this reactive, local and short-term approach involves implementing national projects to upgrade existing facilities.

developing and implementing the new generation components of the network to deliver uniform and significant capacity increases; this proactive, regional and long-term approach involves implementing pre-operational projects and studies while at the same time implementing facilities on a regional basis.

From the operational and technical points of view, significant improvements were achieved through the preliminary implementation phase of Mode S, ADS-B and VDL Mode 4.

f) Airports

In line with the priorities set for airport policy, which also appear in the Commission's White Paper on Transport, particular care has been taken to foster intermodality and protect the environment. In fact, five of the eight newly supported

projects concern air/rail intermodality. Well planned and convenient intermodal feeder services to airports can help produce a sizeable fall in the use of individual transport modes, reduce road congestion and help reduce pollution around airports.

Eliminating bottlenecks has also been a priority. In fact, in 2001 three projects were devoted to increasing capacity in existing airports, while one project concerned intermodality in the framework of a future new airport.

2.2. Legislation

2.2.1. Revision of the TEN Financial Regulation

Thought also needs to be given to the future of Community financing, and in particular the trans-European network budget. The Commission has proposed that the financial contribution from the TEN budget be raised to a maximum of 20% of the total cost of key projects meeting certain conditions. Further questions regarding the size of the various Community budgets available for transport infrastructure and their coordination after enlargement will also have to be addressed. In this context, the Commission is examining new solutions to facilitate the financing of infrastructure. A key challenge will be to create new mechanisms to allow additional financing through the promotion of public-private partnerships and the raising of new revenues through a better reflection of transport costs in all modes.

To meet the challenges detailed in the White Paper for the near future, on 2 October 2001¹² the Commission presented a proposal¹³ for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks to increase the maximum rate of Community support, in exceptional cases, from 10% to 20 % for:

- (1) cross-border rail projects crossing natural barriers which represent obstacles to the free movement of passengers and goods and which require the construction of long tunnels/bridges;
- (2) the removal of specific infrastructure bottlenecks in areas close to border regions with acceding countries.

In addition, following its Communication on energy infrastructure (COM(2001) 775) the Commission identified a number of gaps in the trans-European energy network. It was therefore decided to extend the proposal (including the 20% maximum rate of support) to include priority energy projects.

2.2.2. Revision of the TEN-E guidelines

On 20 December 2001 the Commission proposed a revision of Decision 1254/96/EC laying down a series of guidelines for trans-European energy networks.

¹² COM (2001) 545.

¹³ Amended by COM 2002/134. Amended by the EP at first reading in July 2002. The proposal is currently being discussed with the Financial Counsellors of the Permanent Representations at the Council.

The horizontal priorities proposed for the development of energy networks include:

- support for the competitive operation of the internal energy market;
- reinforcing security of energy supply.

On this basis the Commission identified 12 priority axes (seven for electricity networks and five for gas networks) considered to be of major European interest. It also proposed to raise to 20% the maximum support that projects corresponding to these 12 priority axes may receive under the TEN programme.

In addition several specific priorities were proposed for the development of energy networks, such as:

- the establishment of energy networks in insular, outlying and outermost regions;
- interoperability with the energy networks of candidate and other third countries;
- development of electricity networks to integrate/connect renewable energy production;
- development of gas networks to meet demand, and diversification of natural gas sources and supply routes.

The Commission also proposed an updating of the list of projects, a more general description of the projects, and a flexible procedure (committee procedure instead of codecision) for updating the detailed description of projects.

The Commission adopted on 20 December 2001 a report to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions on the implementation of the Guidelines for the trans-European energy networks in the period 1996-2001.

2.2.3. Revision of the TEN-Telecom guidelines

The Commission completed an assessment of the implementation of Decision 1336/97/EC during the period July 1997 to June 2000. On this basis, the Commission put forward proposals for an amendment of the guidelines for trans-European telecommunications networks on 10 December 2001.."

2.2.4. Revision of the TEN-T guidelines

On 2 October 2001 the Commission proposed a revision of Decision 1692/96/EC on Community guidelines for the development of the trans-European transport network. The proposal, which is contained in the White Paper, concentrates investment on a few horizontal priorities and a limited number of specific projects, updating the list adopted by the Essen and Dublin European Councils.

The new horizontal priorities for developing the network include:

- Concentration of investment on the creation of a rail network giving priority to freight, including port connections;

- Development of a high-speed rail network for passengers, and integration between rail and air transport capacity;
- Establishment of intelligent transport systems to optimise existing capacities.

The new list of specific projects comprises the uncompleted Essen and Dublin projects plus six new projects identified by the Commission. The new specific projects are: (1) the Galileo global navigation and positioning satellite system, (2) the high-capacity rail link across the Pyrenees, (3) the Stuttgart–Munich–Salzburg/Linz–Vienna high-speed train/combined transport project for Eastern Europe, (4) the Danube river improvement between Vilshofen and Straubing, (5) high-speed rail interoperability on the Iberian peninsula and (6) the Fehmarn Belt fixed link between Germany and Denmark. This revision is only a first step in revising the guidelines, and therefore a transitional step. In time a more fundamental revision will be proposed.

2.3. Energy, Telecommunications and Transport Committees; Joint Working Group

2.3.1. Energy

The TEN-E financial assistance Committee met once in 2001 (details of its financing decisions are given below in section 3.1). The TEN-Energy Guidelines Committee did not meet.

2.3.2. Telecommunications

The financial assistance Committee for telecommunications met three times.

It also gave its written opinion on one occasion, and in total the Committee gave positive opinions on the commitment of EUR 30 382 466 (details of its financing decisions are given below in section 3.2).

2.3.3. Transport

The financial assistance Committee for transport met three times (details of its financing decisions are given below in section 3.3).

The Committee referred to in Article 18 of the guidelines (TEN-T Guidelines Committee) met only once during 2001, on 14 November. It agreed on the contents of, and the remaining data to be collected for, the report on the implementation of the guidelines, as required by Article 18. The Committee also exchanged views on environmental issues, especially on the contents of the new Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment. Recent transport policy development issues were discussed; adaptation of the White Paper and proposals amending Decision 1692/96/EC on Community guidelines for the development of the TEN-T and Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks.

Workshop

On 15 November, a workshop was held on TEN-T Indicators. Participants included the Member States, several of the candidate countries and representatives from the

industry. The objective of the workshop was to define a framework for monitoring the current TEN-T guidelines and to identify a set of common indicators. The interim results of a study commissioned by the Commission were presented. The aim of this study was to analyse the indicators used to monitor national programmes and to identify relevant indicators to monitor the development of the TEN-T. The workshop was an important part of the indicator validation process. Indicators for different modes of transport (rail, road and inland waterways) were discussed, and national experience with infrastructure policies and indicators was exchanged. It was generally agreed that the most relevant indicators fall into the economy, environment, safety and social categories, and that pilot studies on corridors should be carried out to identify relevant indicators.

2.3.4. Joint Working Group (Transport/Environment)

In June 1998, the Cardiff European Council invited the Transport, Energy and Agriculture Councils to develop strategies to promote environmental integration and sustainable development within their respective policy areas. In response to this request, the Transport Council developed such a strategy for the transport sector and this was approved at its meeting of October 1999. The basis for this strategy was largely developed by an expert group jointly chaired by DG TREN and DG ENV. The members of the expert group came from the Ministries of Transport and Environment of the Member States.

Review of the strategy

The Council provided for a regular review of the strategy on the basis of reports from the Commission, with the first review to take place by June 2001.

In April 2001, the Council adopted a Resolution on the integration strategy in which it reaffirmed its earlier integration strategy and asked the Commission to engage in further action. Responding to this, the Commission asked the expert group on transport and environment to produce a further report in which the experts should make recommendations concerning the use of environmental targets for transport policy, a legal framework for the Transport Environment Reporting Mechanism (TERM) and the impact of e-commerce. Three working groups provided reports on these topics:

- Sector-specific environmental targets
- Providing an adequate legal basis for the TERM
- Impact of e-commerce on transport and the environment

3. FINANCING THE TEN

Table 1 gives an overall picture of Union financing of the TEN.

3.1. Energy

The TEN financial assistance Committee met on 19 June and subsequently approved 13 feasibility and other studies for which the Commission proposed financial

assistance of EUR 18.9 million. The corresponding Commission decision was taken on 6 August. Further details are given in Annex V.

Table 2: TEN Energy Commitments (EUR m)

	1995-97		1998		1999		2000		2001	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Electricity	14.4	42.8	10.8	58	7.9	27.4	7.3	53.7	8.4	44.4
Gas	25.9	57.2	7.8	42	20.9	72.6	6.3	46.3	10.5	55.6
TOTAL	45.3	100	18.6	100	28.8	100	13.6	100	18.9	100

3.2. Telecommunications

The TEN Financial Committee met three times in its telecommunications composition, on 27 March, 6 June and 3 October. The October meeting was informal.

At the March meeting the Committee delivered a favourable opinion on the Commission proposal to grant Community aid to 35 projects of common interest selected from among the responses to the 2000/2 call. The total support proposed was EUR 29.5 million. The Commission informed the Committee of its intention to introduce a fixed rate of overheads to be applied in shared-cost contracts. The Committee discussed this and asked for an analysis of the impact this might have on potential participants in projects.

At the June meeting the Commission presented the Committee with its analysis of the impact of the change to fixed-rate overhead reimbursement. This showed that the change would be cost neutral if applied to the existing selection of projects, and those larger organisations in particular would not be significantly affected by the change. The Committee then endorsed the Commission proposal, which was subsequently applied in the 2001/2 call.

At the October meeting the Commission presented the results of the 2001/1 call for proposals. A first batch of proposals selected for a Community contribution as a result of this call were later submitted to the Committee for a written opinion, for a total amount of EUR 0.9 million.

3.3. Transport

As regards transport, the Commission received 439 requests for financial assistance in 2001 (242 for MIP and 197 non-MIP, see point 4 for further details), a few of them for relatively minor sums. The measure to limit financial assistance for transport projects to a minimum of EUR 1 million was broadly applied in 2001 and helped successfully to reduce the number of decisions (only 18 actions received support of less than EUR 1 million). The total requested support was EUR 2 270 million (EUR 1 016 million for MIP actions and EUR 1 254 million for non

MIP). The TEN-T financial assistance Committee met three times in 2001. Two favourable opinions were delivered covering 137 projects and studies (53 non-MIP and 84 MIP), for which the Commission proposed financial assistance totalling EUR 563 million. As can be seen from Table 3, the Commission has continued to concentrate a large part of its available resources (44%) on the 14 specific “Essen” projects. While priority projects (three of which have been completed: Malpensa airport, Cork–Dublin–Belfast–Larne railway line and Oresund Fixed Link) and other projects absorbed a smaller share of commitment appropriations than in previous years, the share going to ITS (intelligent transport systems) actions increased.

Table 3: TEN-T 2001 – Financial support and number of proposed actions by category

2001 PROPOSAL	Specific Projects		Traffic Management		Other		Total	
	Number of actions	Support (EUR m)	Number of actions	Support (EUR m)	Number of actions	Support (EUR m)	Number of actions	Support (EUR m)
	37 ¹	247.5 ²	24	155.5 ³	79 *	160 ⁴	140	563
		43.95%		27.59%		28.46%		100%
MIP 2001 (EUR m)	36	221.5	19	132.5	29	61	84	415
Annual budget 2001	1	26	5	22.5	50	99.5	56 *	148 **

¹ Includes one RAILTraffic Management action

² Includes EUR 1 million from previous year

³ includes EUR 6 million from previous year

⁴ Includes EUR 4 million from previous year

* Includes three decisions from previous year

** Includes the total amount of EUR 11 million from previous year

Table 4: TEN 2001 proposed actions and support by type and by form

TYPE	N° of Actions	Support (EUR m)	%
Feasibility Studies / Technical Support Measures	65	274	48.71%
Projects	77	289	51.28%
TOTAL	142	563	100%
FORM	N° of Actions	Support (EUR m)	%
Interest Rate Subsidies	1	15	2.66%
Feasibility Studies /Technical Support Measures	65	274	48.70%
Direct Grants	76	274	48.62 %
TOTAL	142	563	100.0%

Table 5: Transport Modes

	MIP		non-MIP		TOTAL		
Mode	N° of Actions	Support (EUR m)	N° Actions	Support (EUR m)	N° Actions	Support (EUR m)	%
Airports	2	2.500	6	11.230	8	13.73	2.44%
Air Traffic Management	3	5.800	3	5.170	6	10.97	1.95%
Combined Transport			1	1.000	1	1.00	0.17%
GNSS	2	100.000	2	16.000	4	116.00	20.60%
Inland Waterways	1	1.000	6	9.810	7	10.81	1.91%
Multimodal	1	0.300	2	2.500	3	2.8	0.49%
Road	10	39.500	11	28.5035	21	68.0035	12.07%
Road Traffic Management	12	25.293			12	25.293	4.49%
Ports			8	10.900	8	10.90	1.93%
Rail	52	239.871	18	38.090	70	277.9609	49.36%
Rail Traffic Management	1	0.6000	1	25.000	2	25.6	4.54%
TOTAL	84	414.864	53	148.2035	142	563.0674	100%

Considerable support for other important projects reflects the number of applications received from Member States and subsequently selected. It also takes account of the remarks included in the 2001 budget regarding percentage share between modes and maximum support for priority projects. In general, the European Parliament's remarks on the 2001 budget were also observed as regards modal share.

3.4. IDA

IDA projects (sectorial and horizontal actions) are financed independently of the TEN Financial Assistance Regulation.

3.5. Structural Funds and Cohesion Fund

The European Regional Development Fund (ERDF) and the Cohesion Fund are the main sources of Community subventions for TEN projects. Over the period 2000-2006, major financial support for infrastructure will be forthcoming from the Structural Funds in the context of Objective 1, totalling about one third of the available resources, and half of it will be dedicated to supporting transport infrastructure. At the same time, the Cohesion Fund will contribute EUR 9 billion to the development of the trans-European transport networks.

3.5.1. ERDF

In terms of the Structural Funds, 2001 was marked mainly by the completion of negotiations with the Member States within the framework of Objective 1, which accounts for 70% of the Structural Funds budget for the 2000-2006 programming period. In terms of implementation, adoption of all the single programming documents and operational programmes enabled all the planned appropriations to be committed.

However, the fact that expenditure through the Regional Development Fund is not broken down by financed TEN project makes it very hard to place figures on the amounts invested in TEN projects via the ERDF. Examination of the annual reports on implementation of the main programmes financing infrastructure in the context of Objective 1 can provide no more than an estimate (about EUR 2 billion) of ERDF support given to the trans-European transport network in 2001.

3.5.2. Cohesion Fund

In 2001, commitments under the Cohesion Fund for TEN in the transport sector totalled EUR 1 318 million, distributed among the Member States as follows: 61.5% for Spanish projects, 16.5% for Portuguese projects, 16.2% for Greek projects and 5.7% for Irish projects.

Table 6: Amounts committed through the Cohesion Fund to finance TEN-Transport, by country

	Commitments up to 1999 (EUR m)	Commitments in 2000 (EUR m)	Commitments in 2001 (EUR m)
Greece	1 535	155	214
Spain	4 606	852	810
Ireland	748	34	75
Portugal	1 446	246	218
Total	8 334	1 287	1 318

The Commission took new financing decisions representing a multiannual amount of aid worth EUR 1 958 million. The distribution of this subvention among the modes showed increased support for the railways, in line with policy guidelines: aid to rail transport accounted for 55% of the sum total, while the roads received 34% and maritime transport 11%.

Table 7: TEN financing decisions taken in 2001 under the Cohesion Fund, by country and by mode, as percentages

	Route	Rail	Air	Ports
Greece	85.7	14.3	0	0
Spain	13.9	68.0	0	18.1
Ireland	100.0	0	0	0
Portugal	0	92.6	0	7.4
% by mode	33.6	55.1	0	11.3

In Greece, the majority of financing decisions in 2001 once again concerned projects relating to the creation of the "Pathe/Via Egnatia" motorway network, identified as priority project No 7 in Essen. At the same time, rail transport continued to receive Community support with approval of the project for the new Limena Ikoniou line.

The Commission approved two motorway projects in Spain: part of the route across Catalonia (between Cervera and Santa María del Camí), and the Zaragoza ring road, which will serve to link the various major routes which converge at Zaragoza, in line with the priorities of pressing forward with the link routes to France and connecting the trans-European road networks. Regarding the Madrid-Barcelona-French border high-speed rail track, a very major effort was made to extend the work towards Barcelona. Lastly, the Cohesion Fund provided financing for the project to expand the port of Barcelona.

In Ireland, the small sums allocated are insufficient to ensure modal balance every year. In 2001 only one new project was approved: the construction of the south-east M50 motorway, the missing link in the Dublin motorway bypass.

As in 2000, the Cohesion Fund's efforts in Portugal in 2001 focused on rail investment, with priority going to two strategically important lines forming part of priority project No 8: the Northern line and the Algarve line. The railways thus received almost 93% of the aid grants decided in 2001. The remainder formed the Community contribution to the project to improve services to the port of Aveiro.

3.6. European Investment Bank (EIB) loans

The development of large infrastructure of common interest, of which the trans-European network constitutes the main part, remains one of the EIB's priority objectives. In 2001, the EIB Board of Directors approved a total of EUR 7 900 million in favour of TENs and related projects in the Union. Finance contracts were signed for a total of EUR 6 375 million, representing 20% of the Bank's activity in the Member States. These figures compare with EUR 8 597 million approved and EUR 6 613 million signed in 2000. In other words, there was a slight decrease in both project approvals (-8%) and signatures (-4%), reflecting a slowdown in the financing of telecommunication TEN projects.

The EIB was also very active in the Accession Countries, with loans approved to a value of EUR 1 530 million, and EUR 1 383 million signed for projects of trans-European interest. As in the Member States, this represents a slight reduction in activity due to the telecom sector.

Since 1993 the Bank has approved loans for TENs totalling EUR 74 426 million and signed finance contracts for a cumulated EUR 57 308 million. The total investment cost of the corresponding projects is estimated at around EUR 250 billion.

The EIB has taken a proactive role in the financial engineering of TEN projects, most notably in those based on PPPs, to be found mainly in the transport sector. In 2001, 30% of EIB financing for transport TEN projects dealt with PPP structures, in Germany, Greece, the Netherlands, Portugal and Spain. The Bank has also been at the fore in the development of innovative instruments such as the development of refinancing structures to give commercial financiers a defined exit from long-term financing. The EIB is also facilitating cross-fertilisation, sharing its experience in PPP financing with new promoters in the EU and Accession Countries.

Loans approved by the EIB in 2001 for TENs in the transport sector totalled EUR 6 418 million in the Union (EUR 6 718 million in 2000, i.e. a 5% decrease), resulting in a total of EUR 50 000 million approved for that sector since 1993. Finance contract signatures amounted to EUR 5 161 million in 2001 (EUR 4 010 million in 2000, a 29% increase), bringing the signed total to EUR 35 680 million since 1993. The significant increase in signatures has been particularly apparent for the priority projects identified at the Essen Council, with a rise of 130% compared with the 2000 figures. The fact that 2001 was by far the record year for signatures for Essen priority projects, whilst requiring fewer new loan approvals, probably indicates a certain maturity of the set of projects that are under construction and, for the others, a lack of progress in the implementation process, with, for some of them, considerable delays.

In Central and Eastern European Countries, the Bank's signatures for projects on the 10 transport corridors approved by the Pan-European Transport Conferences of Crete and Helsinki amounted to EUR 1 200 million, a 23% increase over 2000.

In the energy sector, in 2001, new loans were approved to a value of EUR 240 million, of which EUR 220 million was signed for two gas TEN projects. The Bank also approved about EUR 900 million and signed a similar amount for the development of national electricity transmission, subtransmission and distribution networks, though it is not possible to identify the amount specific to the transmission networks. In the TEN energy sector, the cumulated amount since 1993 is EUR 6 593 million for approvals and EUR 5 440 million for signatures.

In 2001, the EIB also provided new loans for EU telecommunication networks, with approvals to a value of EUR 1 241 million (EUR 1 580 million in 2000) and EUR 994 million of signed loans (EUR 2 211 million in 2000). The financial turmoil in the telecommunication sector explains the significant reduction in activity. Total approvals since 1993 reached a value of EUR 17 835 million, of which EUR 16 190 million has been signed.

Contributing to the development of TENs will continue to be one of the EIB's priority objectives in the medium term, in both existing and future EU Member States. A regular increase of TEN lending activity is foreseen, with a particular focus on priority projects and on Accession Countries.

Table 8: EIB lending for TEN (EUR m)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	TOTAL
EU	3280	4754	5568	6522	7677	8242	8277	6613	6375	57308
Transport	1908	1939	3819	3505	4943	4415	5977	4010	5161	35677
Essen projects	1346	1137	1603	1189	1751	1142	1616	1224	2838	13846
Energy	367	715	910	1415	854	393	174	392	220	5440
Essen projects	207	315	523	695	300	100	75	25	0	2240
Telecom	1005	2100	839	1602	1880	3434	2126	2211	994	16191
CEEC	579	777	400	668	774	1507	1456	1494	1383	9038
Transport	469	397	270	553	417	1357	1321	979	1200	6963
Energy		80								
Telecom	110	300	130	115	357	150	135	515	183	1995

3.7. Member State financing

Community financing of TENs represents in most cases a rather limited proportion of the total cost, except for projects in the "cohesion" countries. The role of Community finance is to act as a catalyst to lever other investment sources. The greater part of the funding comes either from the public authorities of the Member States or, especially in the energy and telecommunications sectors, from the private sector. Exact or meaningful figures for the Member States' expenditure on TEN are difficult to obtain, as Member States do not always make the difference between TEN and non-TEN infrastructure.

3.8. Financing infrastructure in third countries

3.8.1. PHARE

The EU has been helping potential applicant countries of Central Europe to prepare for joining the Union since 1989 when the PHARE programme (Poland and Hungary Assistance for the Reconstruction of the Economy) was established. Following a decision of the 1997 Luxembourg European Council to formally launch the present enlargement process, Phare was given new orientations and a specifically "pre-accession" focus in 1998. Phare focuses on institution building (30 %) and acquis-related investments (70 %), including those relating to cross-border co-operation (CBC). The budget for 2001 was EUR 1 641 million, of which the transport share was very small, approximately EUR 36 million. The focus of support is moving towards increasingly programmed operations of the type managed under the structural funds, with greater reliance on local planning and management (economic and social cohesion programmes - ESC).

3.8.2. CARDS

2001 was the first year of implementation of the new CARDS Regulation adopted on 5 December 2000. Covering the period 2002-2006, a Regional Strategy paper and Country Strategy papers for Albania, Bosnia and Herzegovina, Croatia, FYROM and the F.R. Yugoslavia were approved during the last quarter of 2001. One of the specific regional cooperation objectives of the CARDS regional strategy is "*to re-integrate the SAp countries into the European infrastructure networks, namely for transport, border management and energy*" by assisting them "*in developing coherent strategies for infrastructure with an international dimension in transport and energy.*"

Support focuses on producing strategies and preparatory studies, as well as catalytic investments with a view to reconnecting the region's transport, energy and environmental infrastructure into the pan-European networks. One key assumption is that IFIs are best placed to address financing requirements for infrastructure investment. Significant investments will nevertheless continue in the case of FRY and Kosovo to complete reconstruction work already begun. Limited cross-border infrastructure projects may also be funded under Integrated Border management programmes. Finally, the CARDS programme, by concentrating significantly on institution building, also addresses key concerns regarding infrastructure development.

3.8.3. *TACIS*

The new Tacis Regulation came into force on 21 January 2000. It covers the period 2000-2006 and has a total budget of EUR 3 318 million. The new Regulation increased the proportion of the annual budget to be allocated to investment financing from 10% to a maximum of 20%.

A priority sector for investment financing remains cross-border cooperation, including border infrastructure. To facilitate trade, and revenue collection systems at the borders, the Commission continues to pay particular attention to the functioning of border crossing points.

Priority is given to those border crossings which form part of the Pan-European Transport Network, namely corridors I, II, III, V and IX. Up to and including 2001 the Commission made more than EUR 90 million available for that purpose, of which EUR 15 million was from the Tacis 2001 budget.

3.8.4. *MEDA*

Spending through the MEDA programme to link the countries of the Mediterranean basin more closely to the Union is at present limited to a small number of feasibility studies.

3.8.5. *ISPA*

ISPA (Instrument for Structural Policy for Pre-Accession), one of the three pre-accession instruments, is tailored on the pattern of the Cohesion Fund and is aimed, for 50% of its allocation, at upgrading the transport network of trans-European interest in the ten countries of Central and Eastern Europe that are candidates to join the European Union. The other 50% is for environmental projects. Over the period from 2000 to 2006, a total of EUR 1 040 million a year (at 1999 prices) will be made available for infrastructure projects in the field of environment and transport, i.e. about EUR 520 million per year for transport projects.

In 2000 and 2001, the Commission decided on 169 projects proposed by the Candidate Countries, amounting to a total project cost of EUR 6.6 billion, of which the EU will finance EUR 3.9 billion or 59%. More than half the decided ISPA support is allocated to rail projects, and about 47% to road infrastructure.

Of these 169 interventions of the first two years of ISPA, 64 relate to transport projects, equivalent to EUR 4.1 billion of total project costs, of which EUR 2.4 billion is provided through an ISPA grant. This includes 16 technical assistance projects, mainly for project preparation tasks. In 2001, 29 transport projects were decided with a total ISPA grant of EUR 1.3 billion.

ISPA's aim in the transport sector is to help build the future trans-European transport network. The instrument finances transport infrastructure projects promoting sustainable mobility based on the criteria of Decision No 1692/96 of the European Parliament and of the Council of 23 July 1996 (Community guidelines for the development of the trans-European transport network). The measures should enable the beneficiary countries to comply with the objectives of the Accession Partnerships and must ensure interconnection and interoperability within national networks as well as between these networks and the EU's.

The preparation of projects needs to take account of the ten multimodal pan-European transport corridors, endorsed at the third Pan-European Transport Conference at Helsinki in June 1997. Projects to be financed by ISPA as a priority need to be on the backbone network, as identified by the TINA (Transport Infrastructure Needs Assessment) exercise, but can also relate to projects on the rest of the TINA network. The ISPA funds spent in the transport sector have focused on the extension and improvement of the TINA network, in order to facilitate the connection between the European Union and the Accession Countries.

Table 9: ISPA Budget 2001 – Transport sector, by sub-sector

Sub-Sector		
	ISPA Funds EUR	% ISPA funds/ sector
Road	303 699 301	57.25%
Rail	210 662 746	39.71%
Airport	12 000 000	2.26%
Rail/Road	4 158 400	0.78%
Total ISPA Budget Transport Sector	530 520 447	47.83%

Table 10: ISPA Budget 2001: Commitments by country

Country	ISPA Funds EUR
Bulgaria	61 898 400
Czech Republic	40 271 315
Estonia	12 228 287
Hungary	48 171 347
Latvia	21 663 645
Lithuania	14 483 464
Poland	177 561 679
Romania	122 812 000
Slovakia	24 698 070
Slovenia	6 732 240
TOTAL	530 520 447

The table gives figures for commitments for projects decided in 2001 and the second tranches for projects decided in 2000, project funds being committed from the Community budget over several years.

Over half the ISPA budget for the transport sector in 2001 was dedicated to road projects involving new construction or improvements to meet EU capacity and safety standards. About 40% of the funding was assigned to rail projects, involving primarily the rehabilitation and upgrading of existing infrastructure to EU standards.

Table 11: ISPA finance for transport projects decided in 2000 and 2001

PROJECT TYPE	No of Projects	Total Project Cost EUR	Total Funds ISPA decided EUR	Commitments 2000 EUR	Commitments 2001 EUR
Airport	1	148 756 000	50 000 000	28 000 000	12 000 000
Rail	32	2 154 232 540	1 230 824 787	283 584 312	210 662 746
Rail and road	2	6 080 000	5 198 000	0	4 158 400
Road	29	1 756 680 109	1 139 915 934	224 790 797	303 699 301
Sector Total	64	4 065 748 649	2 425 938 721	536 375 109	530 520 447

The table shows the total ISPA funds committed and decided in 2000 and 2001 for transport projects (64 projects), as well as the total project costs for these projects.

ISPA funds 2000-2001

Project type	No of projects	Total ISPA contribution	% per sector
TRANSPORT			
Airport	1	50 000 000	2.06%
Rail	32	1 230 824 787	50.74%
Rail and road	2	5 198 000	0.21%
Road	29	1 139 915 934	46.99%
Sector Total	64	2 425 938 721	61.61%

Projects per Corridor, total ISPA contribution 2000-2001

Corridor	Road	Rail
Corridor I	32 600 556	
Corridor II		161 746 249
Corridor III	320 411 250	92 837 250
Corridor IV	366 491 403	383 680 941
Corridor V		92 110 300
Corridor VI	233 695 790	160 945 224
Corridor IX	152 036 430	87 311 201
Total	1 105 235 429	978 631 165

Projects per country 2000-2001

Country	Airport	Rail	Road	Rail and road	Total
Bulgaria	50 000 000	153 000 000	30 000 000	4 998 000	237 998 000
Czech Republic		45 207 500	57 931 474	200 000	103 338 974
Estonia		1 350 000	34 173 021		35 523 021
Hungary		191 442 575	20 149 540		211 592 115
Latvia		101 843 476	19 961 541		121 805 017
Lithuania		24 314 780	50 957 600		75 272 380
Poland		344 498 499	510 744 750		855 243 249
Romania		232 329 441	409 926 024		642 255 465
Slovakia		96 996 000	27 149 200		124 145 200
Slovenia		18 765 300			18 765 300
Total	50 000 000	1 209 747 571	1 160 993 150	5 198 000	2 425 938 721

4. FINANCING THE TEN: OTHER ISSUES

4.1. Multiannual Indicative Programme for TEN-T (2001-2006)

In September 2001 the European Commission adopted the Decision on the Indicative Multiannual Programme for the funding of the Trans-European Transport Network over the 2001-2006 period. After assessing all bids received, the Commission allocated indicatively EUR 2 780 million to the successful projects. Nearly 50% of this amount will go to the large infrastructure projects endorsed by the 1994 Essen European Council, 20% will go to the Galileo programme and the rest will be shared between various railway bottlenecks, cross-border projects and intelligent transport systems. *"The selected projects will contribute to meeting our key transport policy challenges as outlined in the Commission White Paper on Transport adopted on 12 September¹⁴: shifting the balance between different modes of transport, fighting bottlenecks and congestion and placing quality and security at the heart of the common transport policy,"* said Vice-President Loyola de Palacio, Commissioner for Energy and Transport.

In line with the objectives set out in the White Paper on transport policy, the selected projects will aim to remove bottlenecks on the trans-European transport network and shift the balance between the different modes of transport.

The total amount proposed for the 2001–2006 programme, EUR 2 780 million, is distributed as follows:

- over EUR 1 300 million (47%) to infrastructure projects endorsed by the 1994 Essen European Council;
- over EUR 550 million (20%) to the Galileo project;
- close to EUR 640 million (23%) to railway bottlenecks and cross-border projects;
- close to EUR 280 million (10%) to intelligent transport system (ITS) projects for the road and air sectors.

Pursuing the White Paper's objective to revitalise the railways, almost two thirds of the programmed support has been allocated to the rail sector. While studies will play an important role in the costly further technical, environmental and geological preparation of major projects, such as the rail tunnels for the Alpine and Pyrenees crossings, most of the high-speed passenger rail "Essen projects" will experience their construction peak and are expected to be ready by the end of 2006. In line with the White Paper's aim of putting new technologies at the service of the Union's transport system and transport users, the Galileo programme has also been given a prominent role. Finally, consistent with the objective of tackling congestion and improving links with the periphery, significant support has been given to the removal of bottlenecks and the completion of missing links both within the Union and with third countries.

¹⁴ http://europa.eu.int/comm/energy_transport/en/lb_en.html

Table 12: TEN-T Multiannual Indicative Programme 2001-06- Framework Decision

P/G	Project Title	Proposed Support (EUR m)					
		2001	2002	2003	2004-06	Total	
P1	HGV North - South (Berlin - Halle/Leipzig - Erfurt - Nuremberg Munich - Verona)	33	46.5	61.5	117	258	9.28%
P2	Paris - Brussels - Cologne/Frankfurt - Amsterdam - London high-speed railway line	61	49.5	36	145	291.5	10.48 %
P3	High-speed train South (Madrid-Barcelona-Perpignan-Montpellier and Madrid-Vitoria -Dax)	15.1	22.1	34.7	66	137.9	4.96%
P4	High-speed train East	45	36.5	52	34.5	168	6.04%
P5	Betuwe line	20	10	12	380	80	2.88%
P6	High-speed train France - Italy	11	16.5	54	88.9	170.4	6.13%
P7	Greek motorways - Pathe and Via Egnatia	12.5	12	5.5	-	30	1.08%
P8	Multimodal link Portugal - Spain - Rest of Europe	3.3	3.2	4.35	2	12.85	0.46%
P9	Cork-Dublin-Belfast-Larne-Stranraer CRL	-	-	-	-	-	0.00%
P10	Malpensa Airport	-	-	-	-	-	0.00%
P11	Øresund Fixed Link	-	-	-	-	-	0.00%
P12	Nordic Triangle Multimodal Corridor	12.05	16	14.95	42.5	85.5	3.07%
P13	Ireland - UK - Benelux road corridor	13	8	7	2.8	30.8	1.11%
P14	West Coast main line	7	3	3	31	44	1.58%
	Subtotal PP	232.95	223.3	285	567.7	1 308.95	47.07 %
P15	Trans-European Satellite Navigation System (GALILEO)	100	170	80	200	550	19.78 %
G1/2	Removal of bottlenecks on the TEN railway network	51.125	67.825	75.25	196.9	391.1	14.06 %
G3	Cross-border projects	13.95	21.51	32.28	186.76	254.5	9.15%
G4	Intelligent transport systems in the road sector	28.3	30.8	33	99.9	192	6.90%
G5	Intelligent transport systems in the air sector	7.99	25.8	26.03	24.67	84.49	3.04%
	Subtotal Groups	101.365	145.935	166.56	508.23	922.09	33.16
	Total MIP	434.315	539.235	531.56	1 275.93	2 781.04	100.00 %

Details in Annex IX

While between 1995 and 2000 DG TREN promoted the development of ITS on the trans-European road network by contributing over EUR 125 million to the funding of road traffic management projects, in 2001 this annual programme of TEN-T funding was replaced by the European Commission's Multiannual Indicative Programme (MIP).

Six ITS projects covering 14 Member States (Greece is not covered) have been selected and will receive EUR 192 million of EU support, while in 2001 the 12 related financial decisions amounted to a total of EUR 25.3 million.

- ARTS (involving P/E/F): EUR 3.5 million
- CENTRICO (involving NL/D/B/L/F/UK): EUR 7 million
- CORVETTE (involving D/A/IT): EUR 4 million
- SERTI (involving D/F/IT/E): EUR 3.5 million
- STREETWISE (involving UK/IR): EUR 1.8 million
- VIKING (involving FI/SW/DK/D): EUR 5.5 million

The supported projects are designed to reduce congestion, providing seamless information to travellers on the TERN. A clear focus is placed on accelerating the deployment of systems and services for the traveller and on tackling cross-border problems through co-operation between the different Member States in the projects.

4.2. TEN-T budget outside the MIP

53 transport infrastructure projects and studies were selected to be co-financed through the ordinary annual part of the TEN-T 2001 budget in accordance with Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks.

These decisions – for a total amount of EUR 137.2 million¹⁵ – were intended to complement the funds allocated in 2001 in the context of the Multiannual Indicative Programme (MIP), for which the Commission adopted a framework Decision. Actions to be co-financed were selected in line with the priorities set out in the White Paper on Transport Policy adopted by the Commission on 12 September 2001. More specifically, the decisions referred to sectors under-represented in the MIP framework (e.g. inland waterways, ports, airports and roads) and to projects which complemented the actions supported in the MIP (e.g. accessibility to the main network, upgrading of nodes). It also provided additional support for important European projects such as ERTMS and EGNOS, already financed in previous years. The TEN financial assistance Committee – Transport Sector, at its meeting on 7 June 2001, expressed a favourable opinion on this selection.

¹⁵ The total amount of co-financing in 2001 outside the MIP was EUR 148 million. EUR 11 million, dedicated to projects selected in 2000, was not committed until 2001 owing to procedural delays.

4.3. The TEN Risk Capital Facility

The need for this instrument was highlighted by the work of the Kinnock High-level Working Group on public/private partnerships in transport, whose conclusions were fully endorsed by the Commission in a Communication in September 1997. The availability of such funds in Europe is at present very limited and their emergence needs to be encouraged if TEN projects are to be developed as PPPs. The aim would be to use limited amounts of public resources to help stimulate development of such risk-capital investments, which have an important role to play in allowing PPPs to tap the considerable pool of long-term private investment funds. For reasons of efficiency and cost-effectiveness, it is best to use investment funds or comparable financial undertakings with a focus on providing risk capital for TEN projects.

Due to the high leverage effect, the TEN Risk Capital Facility (RCF) will not only provide additional means for a sector where market failures are perceived to exist, but also support the development of innovative financial instruments in a sector that is traditionally focused on grants. In contrast to interest-rate subsidies or other forms of grants, contributions made under this Facility will also be recoverable.

The TEN Financial Regulation¹⁶ provides for a limited share of the available Community budgetary resources for TEN to be used as *“risk-capital participation for investment funds or comparable financial undertakings with a priority focus on providing risk capital for trans-European network projects and involving substantial private sector investment; such risk-capital participation shall not exceed 1% of the budgetary resources [...], this limit may be increased up to 2% as from 2003 in the light of a review [...] of the functioning of this instrument.”*¹⁷ Such resources are set at EUR 4 600 million for the period 2000 to 2006. Consequently, the potential amount available for the RCF up to 2006 is EUR 46 million, with a possibility of extending it to EUR 92 million as from 2003 in the light of a review to be presented by the Commission to the EP and the Council.

According to the Regulation, the management of the Community risk-capital contribution is to be ensured by the European Investment Fund, and the terms for implementation of the scheme are to be laid down in a co-operation agreement between the Commission and the EIF. After the reform of the EIF in 2000 its TEN activity was transferred to the EIB. A tri-partite co-operation agreement between the Commission, the EIB and the EIF was therefore concluded in June 2001. In July 2001 the Notice of implementation of the Facility was published in the Official Journal¹⁸ to enable interested investment funds to submit applications to the EIB with a view to the selection of investments to be financed through this instrument. The first financial decision to allocate funds from the TEN Budget to the Risk Capital is expected to be taken in the year 2002¹⁹.

¹⁶ Council Regulation No 2236/95 as amended by Regulation No 1655/1999 of the European Parliament and of the Council of 19 July 1999.

¹⁷ Article 4 (1)(e) of the Regulation.

¹⁸ Notice of implementation of the TEN Infrastructure Risk Capital Scheme under Article 4(1)(e) of Regulation (EC) No 2236/95, as amended by Regulation (EC) No 1655/1999 (2001/C 188/05).

¹⁹ The first financial decision to allocate TEN-T budget to Risk capital, as expected, has been taken in 2002

5. EVALUATION

In the context of its "SEM (Sound and efficient management) 2000" programme the Commission attaches high priority to evaluating its actions.

5.1. Energy

In 1999, independent experts carried out a mid-term evaluation of the TEN energy programme for the Commission. Most of the recommendations made were taken into account by the Commission Services in the implementation of the programme. The next independent evaluation is planned to take place in the years 2003/2004.

5.2. Telecommunications

All projects were reviewed at least once in 2001. Particular attention was paid to progress towards the production of business plans, as this had been identified as an area of particular weakness. In total, seven projects were found to be insufficient either for technical reasons or because there was held to be no prospect of viable services resulting from them, and the decision was taken to terminate them.

Intermediate evaluation of TEN-Telecom action

The study the Commission had requested pursuant to the requirements of Article 14 of the Guidelines Decision was completed early in 2001. The final report found TEN-Telecom to be a relevant programme on track with potential to develop a niche where it could make a difference. It was strategically well placed with a relevant task of bringing trans-European high-risk (business) projects and results of research projects forward to deployment with substantial SME involvement. The relatively modest size of the programme was not considered to be a disadvantage but rather an asset, as it allowed the programme to adapt quickly to a changing environment, with particular reference to the emerging framework of eEurope.

The study showed that although the projects selected for Community aid were generally high risk, many showed good potential for exploitation after the end of the phase funded by the programme.

However, the broad range of activities which the programme could support produced a dilution of resources which reduced its overall impact. The Commission addressed this shortcoming in its proposal to amend the guidelines in the telecommunications area by reducing the number of action lines in the programme from eighteen to seven.

The study also revealed weakness in the production of business plans. The Commission recognised this problem, and two initiatives were taken to address it. Direct assistance was given to projects through the BPS support project, which offered advice on the production and presentation of business plans, and reviews were directed towards early detection of potential problems in this area so that remedial action could be taken.

5.3. Transport

According to Commission Regulation No 1687/2001, art. 1, all multiannual programmes shall be subject of ex ante, mid-term and ex post evaluations.

As regards the TEN exercise, the MIP Framework Decision covers the period 2000-2006.

In 2001 the MIP financial aid was just at the beginning. The overall results of the intervention and the added value of the Community involvement will be appraised in the mid-term. The mid term evaluation of the Programme is scheduled for 2003/2004.

Nevertheless, the evaluations on some specific programmes (part of the TEN-T) have been carried out : the “TEN-T Road Traffic Management Projects” ; the “Galileo” Overall Architecture and the “Equity Plan Phase I”.

Furthermore, projects status reports are issued annually in relation to all projects that are co-financed under the TEN budget lines. These reports allow for a systematic monitoring of the progress achieved by the individual projects

Regarding ITS (road traffic management), in 2001, the Commission evaluated eight projects with the help of external support. This model will be utilised in future for the rest of transport projects. The results of the evaluations, based on a detailed analysis of the final technical reports produced by the partners, were in general positive. The deployment of ITS systems is going ahead in most Member States according to national plans. In some cases, delays were noted, related to some activities that did not represent the bulk of the projects. As in other areas, activities needing a strong coordination such as coordination of traffic management measures, cross-border data exchange are implemented by the Member States, but at a rather slow pace.

6. EXTERNAL RELATIONS

6.1. Energy

In terms of network development, the Commission proposal for the revision of the TEN-E Guidelines will reinforce the external dimension of the EU's energy networks policy, especially for connections with the candidate countries and with other third countries in the Mediterranean and Black Sea regions, and with an emphasis on natural gas links.

In 2001, the EU–Russia Energy Dialogue was launched.. An important conclusion was that specific "projects of common interest" would be identified, to link up to the trans-European energy networks to guarantee security of energy supplies. A preliminary list of these projects was published in a report to the EU–Russia Summit. Further work will concentrate on their implementation modalities, with a major focus on conditions to attract significant private EU investment.

Regarding the Western Balkans, the European Commission presented its final strategy paper on “Transport and Energy infrastructures in South–East Europe” at the Regional Conference for South-East Europe in Bucharest on 25-26 October 2001. Consultations on the strategy paper had been held during spring 2001 with EU Member States (CARDS Committee), international financial institutions, the targeted countries – the countries which are part of the Stabilisation and Association Process (Albania, Bosnia and Herzegovina, Croatia, Republic of Macedonia, F.R. Yugoslavia) – and the Stability Pact Working Table II (May 2001). The paper identifies the broad priorities for transport and energy infrastructure development in

the region, incorporating the various initiatives launched and work already completed in this area over the last decade, and presents the criteria for further prioritisation of corridors and specific projects in transport and energy.

Similarly, one of the specific regional cooperation objectives of the CARDS regional strategy for 2002-2006, approved by the European Commission on 22 October 2001, is “to re-integrate the SAP countries into the European infrastructure networks, namely for transport, border management and energy” by assisting them “*in developing coherent strategies for infrastructure with an international dimension in transport and energy*”. Expected results in the energy sector are “*regional infrastructure priority study and discussion process for energy infrastructure, including progress on the development of a regional internal electricity market and its integration with that of the EU.*”

The concrete results of these co-ordinated efforts appear in a South-East Europe Regional infrastructure project list. The progress of these projects is monitored on a regular basis by the Infrastructure Steering Group. The current list of ongoing regional projects – a combination of the “Quick-start package” (Regional Funding Conference, March 2000) and of a list of additional/complementary projects presented at the October 2001 Regional Conference – includes 41 projects totalling EUR 3.32 billion. The energy sector comes second, with a figure of EUR 0.82 billion (25%) for five electricity projects.

6.2. Transport

Negotiations on the enlargement of the Union have been progressing well, and have made clear the significant transport needs of the applicant countries. Around 20 000 km of roads and 30 000 km of railways, as well as seaports and airports, will need to be built or improved at a cost of nearly EUR 100 billion. This work is already receiving Community assistance through the ISPA and Phare programmes, but bringing the economies of the future Member States into line with those of the present EU will require unprecedented levels of investment. Enlargement will also bring increases in traffic in the current Member States, which therefore need to adjust their own infrastructure priorities

Pan-European Corridors and Areas

The pan-European transport network has been developed in the course of three pan-European transport conferences. The first Pan-European Transport Conference in Prague in 1991 set out an appropriate concept for transport infrastructure, which became the corridor concept.

At the second Pan-European Transport Conference in Crete in 1994, the countries of Western, Central and Eastern Europe identified nine long-distance transport corridors as priorities for infrastructure development.

At the third Pan-European Transport Conference in Helsinki in June 1997, a 10th corridor and the pan-European transport maritime basins were added.

These multimodal corridors, the so-called Helsinki corridors, have a total length of about 48 000 km, of which 25 000 km is rail network and 23 000 km is road network. Airports, seaports, river ports and major terminals serve as intermodal

nodes along these long distance links between the Central and East European countries.

The concept of a Pan-European Transport Infrastructure Investment Partnership promotes the establishment of all the necessary components for a future pan-European transport network on the territory of the European Union, in the candidate countries for accession, the New Independent States (NIS) and beyond.

The pan-European transport network consists of the following components:

- the trans-European transport network²⁰ on the territory of the European Union,
- the TINA network,²¹ which comprises the ten corridors plus additional network components in the candidate countries for accession,
- the ten pan-European transport corridors situated in the candidate countries for accession, in the NIS and beyond,
- the four pan-European transport areas (*PETras*) covering maritime areas,
- the Euro-Asian Links, notably TRACECA (Transport Corridor Europe Caucasus Asia).

See map in Annex X.

A Memorandum of Understanding (MoU) establishing a coordination mechanism for each corridor has been signed for all corridors. The following table gives some details of the existing corridors.

Pan-European Corridors

Number	Protocol of agreement	Presidency	Route as defined by the Helsinki Pan-European Conference in 1997
I	Yes	Sweden	Helsinki-Tallinn-Riga-Kaunas-Warsaw Road component: Via Baltica Rail component: Rail Baltica
II	Yes	Russia	Berlin-Warsaw-Minsk-Moscow-Nizhnij Novgorod
III	Yes	Poland	Berlin/Dresden-Wroclaw-Lviv-Kiev
IV	Yes	Germany	Berlin/Nuremberg-Prague-Budapest Constanza/Thessaloniki/Istanbul
V	Yes	Italy	Venice-Trieste/Koper-Ljubljana-Budapest-Uzgorod-Lviv Section A: Bratislava-Zilina-Kosice-Uzgorod Section B: Rijeka-Zagreb-Budapest

²⁰ Decision 1692/96/EC of the European Parliament and of the Council of 23 July 1996 (OJ L 228, 9.9.1996).

²¹ Transport Infrastructure Needs Assessment – final report of October 1999.

			Section C: Ploce-Sarajevo-Osijek-Budapest
VI	Yes	Poland	Gdansk-Grudziadz/Warsaw-Katowice-Zilina Section A: Katowice-Ostrava-Corridor V
VII	Yes	Austria	Danube and Danube-Black Sea canal
VIII	Yes	Italy	Durres-Tirana-Skopje-Sofia-Varna- Link with Greek TEN and Corridor IV
IX	Yes		Helsinki-St. Petersburg-Moscow/Pskov-Kiev-Ljubasevka-Chisinau-Bucharest-Dimitrovgrad-Alexandroupolis Section A: Ljubasevka-Odessa Section B: Kiev-Minsk-Vilnius-Kaunas-Klaipeda/Kaliningrad
X	Yes	Greece	Salzburg Ljubljana-Zagreb-Belgrade-Nis-Skopje-Thessaloniki Section A: Graz-Maribor-Zagreb Section B: Budapest-Novi Sad-Belgrade Section C: Nis-Sofia Section D: Veles-Bitola-Florina

Important investments along the corridors were made in 2001, but development and progress differed greatly depending on the activity of the corridor chair and the commitment of the participating countries.

One dedicated extension of the trans-European networks is the TACIS-funded TRACECA route ("Silk Route") through the Southern Caucasus to Central Asia. The physical links need to be improved in order to attract significant traffic volume. Coordination work on pan-European transport corridors, namely the extension of trans-European networks in the western NIS, continued with regular meetings of the corridor chairs. However, no Community funding for related projects was available in 2001.

Regarding the Western Balkans, the European Commission presented its final strategy paper on "Transport and Energy infrastructures in South-East Europe" at the Regional Conference for South-East Europe in Bucharest on 25-26 October 2001. It was extensively discussed with the Member States of the European Union, the beneficiary countries and the European Investment Bank, the World Bank and the European Bank for Reconstruction and Development. It was presented to the Members of the Stability Pact in Tirana in May 2001 and in Bucharest in October

2001. This working document is used as a guideline for investment strategy by major donors and complemented by CARDS financing for further technical studies.

The paper identifies the broad priorities for transport and energy infrastructure development in the region, incorporating the various initiatives launched and work already completed in this area over the last decade, and presents the criteria for further prioritisation of corridors and specific projects in transport and energy. As regards transport, the strategy will apply to the Western Balkans a methodology comparable to that of TINA.

Similarly, one of the specific regional co-operation objectives of the CARDS regional strategy for 2002-2006, approved by the EC on 22 October 2001, is “to re-integrate the SAP countries into the European infrastructure networks, namely for transport, border management and energy” by assisting them “in developing coherent strategies for infrastructure with an international dimension in transport and energy”. Expected results in the transport sector are “regional infrastructure priority study, discussion process for the extension of Pan European Networks system into the *SAP* region, using the same approach as seen under the Transport Infrastructure Needs Assessment (TINA) process in central Europe.”

Support focuses on producing strategies and preparatory studies, as well as catalytic investments with a view to reconnecting the region’s transport, energy and environmental infrastructure into the pan-European networks. Under the CARDS Regional Programme 2001, a EUR 6m Regional Infrastructure Study Programme was approved that aims to further develop the EC regional strategy. It includes a EUR 2.45m regional study for the transport sector that will follow up the Transport Infrastructure Regional Study. TIRS is a 12-month study, started in March 2001, funded by AFD, and co-steered by the ECMT, the EIB and the EC. In addition, a Project Preparation Facility (EUR 3m) was also approved under CARDS to prepare investments in the transport sector, in line with the strategy and regional studies.

The EC strategy paper also constitutes a basic blueprint for the work of the Infrastructure Steering Group for South-East Europe (ISG), created in 2001, whose members are the European Commission, the EIB, the EBRD, the World Bank, the Council of Europe Development Bank and the Office of the Special Co-ordinator of the Stability Pact.

The concrete results of these co-ordinated efforts appear in a South-East Europe Regional infrastructure project list. The progress of these projects is monitored on a regular basis by the ISG. The current list of ongoing regional projects – a combination of the “Quick-start package” (Regional Funding Conference, March 2000) and of a list of additional/complementary projects presented at the October 2001 Regional Conference – includes 41 projects totalling EUR 3.32 billion. Transport (particularly road infrastructure) represents 66% of the overall cost, equivalent to some EUR 2.2 billion, spread between 33 different projects.

7. OTHER UNION POLICIES WITH A TEN DIMENSION

7.1. Environment

The approach adopted in the financing of TEN projects for the year 2001 was based on the premise that sufficient information should be made available to ensure that such projects were in line with Community environment legislation. As a result, insofar as TEN-T projects are concerned, the standard application form was amended in December 1999 to include a specific declaration by the authority responsible for monitoring Natura 2000 sites, within the Annex on conformity with environmental legislation. This amendment was designed to facilitate internal procedures within Member States, thus ensuring the conformity of TEN-T projects with Natura 2000 and in particular with the site protection requirements of Article 6 of the Habitats Directive.

Strategic Environmental Assessment (SEA)

Legal Provisions on strategic environmental assessment were established in the Community by Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment. The Member States of the European Union are required to transpose this Directive into national law by July 2004. They have to trace, examine and assess the environmental impact of infrastructure plans and programmes. The Directive applies to transport plans and programmes, including those related to the trans-European network.

The Commission's proposal of October 2001 on amending the Community guidelines for the development of the TEN-T network (COM(2001) 544 final of 02.10.01) was that if new routes on other modal infrastructure developments are proposed for inclusion in this Decision, an environmental evaluation, in line with the principles of SEA, shall be initiated by the Committee established under Art. 18.2.

7.2. Research and Development

Under the fourth Framework Programme of the European Community for research and technological development and demonstration (1994-1998), several specific programmes included activities contributing to the development and implementation of TEN-T policies. Those projects addressed such issues as support for decision-making for infrastructure projects, methodologies to build up transport observatories, and assessment of the socio-economic and environmental dimensions of the TEN policies. Furthermore, many pilot projects have been used to apply the results and recommendations of the research projects. Most of these projects have already been completed and the executive summaries and results can be found either on the extra website <http://europa.eu.int/comm/transport/extra/home.html> or on the project websites, which are linked to the extra one.

The following are key examples of project contributions:

The SCENES project developed a transport forecasting model, network-based and with a detailed description of the TEN-T. It covers all 15 EU Member States and also includes Accession Countries. The SCENES model has been extended to link it to national transport models and forecasts (EXPEDITE and THINK-UP projects in the

fifth Framework Programme) and to allow assessment of macro-economic impacts – GDP, employment – of the TENs and other transport policies (TIPMAC project in the fifth Framework Programme).

To test the feasibility of establishing a transport information system to support policy making it was decided to launch under the 4th FP a practical trial application, the “Pilot for an Alpine Transport Information System (ATIS)”. The work carried out through this pilot resulted in the creation of a potentially useful tool for policy which was shown to be capable of supporting decisions on infrastructure developments (e.g. in the case of TEN-T, Brenner corridor). The potential for extension and improvement of the ATIS system will be discussed in the 5th FP thematic network ALP-NET.

The key output from MAESTRO is the MAESTRO Guidelines. The main purpose of the Guidelines is to aid the decision-making process for the selection, design and evaluation of transport pilot and demonstration projects in Europe. The MAESTRO Guidelines bridge the gap between different decision points and evaluation phases in a pilot and demonstration project and are considered to be the first set of guidelines that are readily applicable throughout the entire lifecycle of a pilot and demonstration project.

These results have also contributed to the revision of the Community guidelines for the development of the transport network and to the revision of the new Common Transport Policy, as it appeared in the White Paper.

Under the fifth Framework Programme for Research, Technological Development and Demonstration (1998-2002) many projects contributing to the development and implementation of TEN-T policies had been already initiated in several key actions and programmes: key action 2 ‘Sustainable mobility and intermodality’ and key action 3 ‘Land transport and marine technologies’ in the Competitive and Sustainable Growth programme, key action 5 ‘Cleaner energy systems, including renewable and key action 6 ‘Economic and efficient energy for a competitive Europe’ in the Energy, Environment and Sustainable Development programme as well as in the Information Society Technologies programme. Other projects were launched during 2001 and will start to provide useful results in the near future.

In the domain of socio-economic research, the key objectives of transport research projects are the assessment of TEN-T policies, the improvement of infrastructure, the development and improvement of quantitative tools to support policy making (transport information system, modelling service, network of airport observatories), and the establishment of discussion forums to address topics relevant to TEN-T policies and projects (ALP-NET, THINK-UP, EXPEDITE, TIPMAC and IASON projects). Without being exhaustive, it is also important to mention the contribution to satellite navigation – definition phase of Galileo (GALA, INTEG, SAGA, GEMINUS and GALILEI projects) – and to the development of the Single European Sky (ONESKY and GATE TO GATE projects).

7.3. Competition

It is in the interest of consumers and of the Community as a whole that TEN projects be selected and managed in a way that fully takes into account the potential benefits

of competition. In this regard, proper access to TEN must be guaranteed in accordance with the applicable rules in the relevant sector.

As far as *transport* is concerned, the Commission reaffirmed in its White Paper of 2001²² its commitment to a properly regulated, open, competitive market for railway services as an essential precondition for delivering the wider objective of sustainable development. In support of that commitment the Commission stated that “*when selecting infrastructure projects to receive Community support, the Commission will consider the extent to which the line has been opened to competition.*”

In line with stated Commission policy on railway restructuring and reform, that means, as a minimum, controlled competition for passenger services and open access for freight services. When considering funding for the removal of bottlenecks the Commission will also have regard to the benefits of structural separation in contributing to more efficient infrastructure capacity allocation. Benchmarking in this way will help to ensure that funding is no more than is necessary to enable the project to proceed.

As far as *energy* is concerned, the creation of a functioning Third Party Access regime – also for TEN – is one of the key priorities of European competition policy in the energy sector. Without access to electricity and/or gas interconnectors linking two Member States, energy consumers cannot switch suppliers and thus benefit from the liberalisation policy of the Community. Whilst the TEN programme focuses on the creation of new infrastructure, competition policy ensures that existing capacities are allocated in a fair manner and at non-discriminatory prices.

In the telecommunications sector, ensuring competition as regards the provision of high speed Internet access is a major concern for the Commission. Since the liberalisation of the sector, incumbent operators in the majority of Member States have acquired an overwhelming market share in this new market. In order to avoid that TEN-policies would strengthen the market power of the incumbents in this area, it is appropriate to focus the TEN-interventions on services normally provided by public authorities and on interconnection and interoperability of networks.

²²

European Transport Policy for 2010: time to decide COM(2001) 370 final, 12.9.2001.