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

Trans-European transport network

Report on the implementation of the guidelines 2002-2003

pursuant to article 18 of Decision 1692/96/EC

{SEC(2007) 313}

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INTRODUCTION

This report provides an assessment of the development of the trans-European transport network (TEN-T) following the TEN-T guidelines set out in Decision 1692/96/EC¹. The guidelines constitute a general reference framework for the implementation of the network and identify projects of common interest, which were to be completed by 2010. The transport modes in the scope of the guidelines are: road, rail and inland waterway networks, motorways of the sea, seaports and inland waterway ports, airports and other interconnection points between modal networks, as well as traffic management and navigation systems.

Article 18 §3 of the Decision requires the Commission, with the assistance of the Member States, to report on the implementation of the guidelines every two years.

This report covers a two-year period, from 2002 to end of 2003. The investment data contained in the report refer to the “old” and “new” Member States and to Bulgaria and Romania and a partial distinction is made between EU-15², EU-10³ and EU-2⁴ and EU-27 (all three groups of States).

THE POLICY CONTEXT

In July 1996 the European Parliament and Council adopted Decision No. 1692/96/EC on Community guidelines for the development of the trans-European transport network (TEN-T). The TEN-T guidelines are the general reference framework for the implementation of the network and identification of projects of common interest. The European Council in Essen in 1994 attributed particular importance to fourteen of these projects.

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 growing external costs of transport, it advocated a greater emphasis of the Common Transport Policy on revising modal

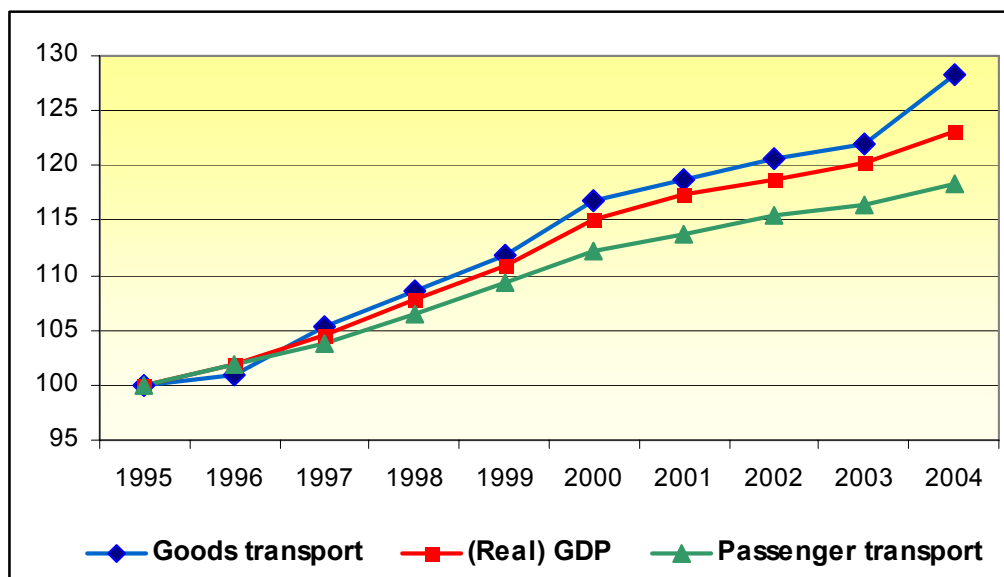
¹ DECISION No 1692/96/EC of the European Parliament and of the Council of 23 July 1996 on Community guidelines for the development of the trans-European transport network, O J L228, 09/09/1996

² Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, Spain, Sweden and United Kingdom

³ Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia

⁴ Bulgaria and Romania

shift as a way towards sustainability. In general, passenger transport is not growing as quickly as GDP, while goods transport grows more than GDP. In practice road transport is growing at approximately the same rate as GDP as are, sea transport and air transport.



Transport demand versus growth of GDP from 1995 to 2004 in the EU 25⁵

On 22 May 2001 Decision No 1346/2001/EC⁶ was adopted by the European Parliament and the Council, amending the TEN-T guidelines as regards seaports, inland ports and intermodal terminals, emphasising the multimodal dimension of the network and thus reacting on the recent developments.

In October 2001 the Commission proposed an amendment to the Decision 1692/96/EC on Community guidelines for the development of the trans-European transport network. The proposal was approved by the European Parliament at its first reading with some modifications. As the proposal did not make progress in the Council, the Commission decided to bring forward the more comprehensive amendment of the guidelines and set up a High Level Group (HLG) chaired by the former Commission Vice-President Mr. Van Miert and comprising representatives from the EU27 and the European Investment Bank. On 1 October 2003, the Commission presented a new proposal complementing the 2001 proposal based on the work of the HLG and taking into account comments received from the European Parliament in its first reading. Following the recommendations of the HLG the decision identified 30 priority projects of considerable importance for international traffic. The priority projects also include projects in the new Member States.

In April 2004 the European Parliament and the Council adopted the revised guidelines with Decision No. 884/2004/EC⁷, amending Decision No. 1692/96/EC. The amended guidelines give greater priority to key projects and concentrate scarce funds on projects of European

⁵ Source: EU energy and transport in figures 2005 – statistical pocketbook.

⁶ Decision No 1346/2001/EC amending Decision No 1692/96/EC as regards seaports, inland ports and intermodal terminals as well as project No 8 in Annex III (Official Journal 2001, L 185/1)

⁷ Decision No 884/2004/EC of the European Parliament and of the Council of 29 April 2004, amending Decision No 1692/96/EC on Community guidelines for the development of the trans-European transport network OS L201, 07/06/2004

interest – like cross-border sections and natural barriers – and have a time horizon for completion by 2020.

Further within the general objective of ensuring sustainable mobility of people and goods, mechanisms should be put in place to support the development of motorways of the sea between Member States in order to reduce road congestion and/or improve access to peripheral and island regions and States.

THE IMPLEMENTATION

Funds allocated to TEN-T implementation in 2002 and 2003 were analysed to prepare this report, by project and by Member State, with a special focus on priority projects. In order to monitor the development of the TEN-T network a forecast of investments in and physical implementation of TEN-T from 2004 to 2020 has been made.

The total investment in the TEN-T network in the EU-27 over the two years period 2002 – 2003 was approximately EUR 82 billion.

A general assessment of the sources of the TEN-T investments during the period in question shows that the national public funding contributed about 78%, by far the largest part of the investments in the TEN-T network in the 2002 – 2003 period: together with loans from EIB, these two sources contributed more than 90% of the investment on the TEN-T network.

CHAPTER 1

1.1 Implementation in general

The total investment in the TEN-T network in the EU-27 amounted to EUR 38.5 billion in the 2002 and 43.8 billion in 2003.

In terms of mode, the investment in the 2002 – 2003 period focused on railways (46%), followed by roads (33%), airports (12%), ports (6%) and inland waterways (2%). This distribution did not change significantly compared to the 1998 – 2001 period.

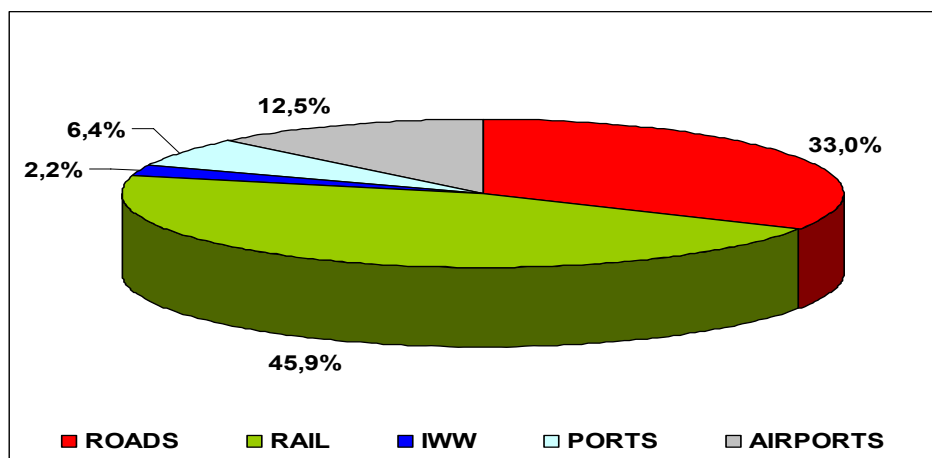


Figure 2: Investments per mode in 2002 and 2003

1.2 Implementation by mode and sector

1.2.1 *TEN-T road network*

The guidelines define the TEN-T road network as being composed of motorways and other high-quality road. The length of the TEN-T road network, composed of roads either existing or planned, in the EU-27 is approx. 95,700 km – 74,500 km existing and 21,200 km planned with a time horizon of 2020.

Total investment in the TEN-T road network in the EU-27 amounted to EUR 11.53 billion in 2002 and EUR 15.61 billion in 2003 (a total of EUR 27.14 billion in the 2002 – 2003 period). In comparison with investments in previous years the average annual amount in roads investment slightly increased in the 2002 – 2003 period.

1.2.2 *TEN-T railway network*

The TEN-T railway network in the EU-27 had a total length of approximately 83,300 km in 2003. The high-speed lines, plus new and upgraded lines, amounted to 9,600 km in 2003 and the conventional lines were 73,700 km.

Total investment in the TEN-T railways network in the EU-27 amounted to EUR 18.82 billion in 2002 and EUR 18.92 billion in 2003 (a total of EUR 37.74 billion in the 2002 – 2003 period).

1.2.3 *TEN-T inland waterways network*

The TEN-T inland waterway network comprises rivers and canals and various branches and links connecting them. The minimum technical characteristics for waterways forming part of the network are those laid down for a class IV waterway. These allow for the passage of vessels or pushed ‘trains’ of 80 – 85 metres long and 9.50 metres wide.

The countries that have inland waterways belonging to the TEN-T inland waterway network in the EU-27 are Austria, Belgium, Finland, France, Germany, Italy, Luxembourg, Netherlands, Portugal, Czech Republic, Hungary, Lithuania, Poland, Slovakia, Bulgaria and Romania.

The total length of the existing⁸ TEN-T inland waterways network in the EU-27 was about 14,100 km in 2003. The main axes in the network are the Rhine, Main and the Danube. The Danube River forms one of the most important parts of the network in the EU10 and EU2.

Total investment in the TEN-T inland waterways network in the EU-15 amounted to EUR 892 million in 2002 and EUR 943 million in 2003 (a total of EUR 1,835 million in the 2002 – 2003 period).

1.2.4 *TEN-T ports*

Decision No. 1346/2001/EC⁹, amending the guidelines adopted in 1996 as regards seaports, inland ports and intermodal terminals, as well as project No. 8 in Annex III, was adopted by

⁸ The figures on inland waterways under construction or planned are not included in the figure of the currently existing inland waterways network;

the European Parliament and the Council on 22 May 2001. The Decision states that interconnection points, including seaports, inland ports and intermodal terminals, are a pre-condition for the integration of the different transport modes in a multimodal network.

Total investments in TEN-T ports in the EU-27 amounted to EUR 2.66 billion in 2002 and EUR 2.64 billion in 2003 (a total of EUR 5.30 billion in the 2002 – 2003 period).

1.2.5 TEN-T airports

The TEN-T airport network comprises around 350 airports. The largest 60 airports handle more than 80%¹⁰ of all passengers and more than 90% of extra-Community international traffic.

The total investment in TEN-T airports in the EU-27 amount to EUR 4.55 billion in 2002 and EUR 5.73 billion in 2003 (a total of EUR 10.28 billion in the 2002 – 2003 period). As Malpensa Airport, the Priority Project No 10 was completed in 2001, the annual average investments decreased in the 2002 – 2003 period vis a vis the figures of 2000 and 2001.

1.2.6 Combined transport network

The trans-European combined transport network comprises railways and inland waterways, which are suitable for combined transport and maritime links which permit the long-distance transport of goods, and intermodal terminals equipped with installations permitting transshipment between railways, inland waterways, shipping routes and roads. Also suitable rolling stock is included. The aim of including combined transport is to emphasise the multimodal dimension of the network.

1.2.7 Traffic management and navigation systems

The TEN-T guidelines include the telematics infrastructure for traffic management systems and traffic information services. The aim is to ensure interoperability and the continuity of services across borders.

The Action Programme for Road Transport Telematics endorsed by the Council of Ministers in 1997 was developed by the European Commission with the help of a group of high-level representatives from all Member States. In these proposals – which deal with research and development, technical harmonisation, concentration and co-ordination, financing and legislation – five priority areas were identified: RDS-TMC-based information services, electronic fee collection, traffic data exchange/information management, HMI (human/machine interface) and system architecture. Other priority applications related to pre-trip and on-trip information and guidance, inter-urban and urban traffic management, operation and control, collective transport, advanced vehicle safety/control systems and commercial vehicle operations.

The White Paper on Transport Policy published in 2001 also announced that a Directive on the interoperability of tolling systems would be proposed by the Commission in order to support the overall pricing policy to be developed between 2001 and 2010. This Directive is of paramount importance to the interoperability - Directive on Interoperability of Electronic

⁹ OP cit: 6

¹⁰ OP cit: 5

Road Tolling systems in the Community¹¹ - and service continuity of the Trans-European Road Network (TERN).

CHAPTER 2

2.1 Horizontal issues

2.1.1 *Interoperability*

One of the main objectives of TEN-T is interoperability of national networks. Interoperability of the rail networks should integrate the national conventional and high-speed rail systems in order to make international services more efficient and thus competitive. Greater interoperability, i.e. the capacity for trains to cross national frontiers without the need to stop or even out technical differences, significantly enhances transport performance and reduces operational costs.

2.1.2 *Research and development*

Research and development is one of the broad measures covered by the TEN-T guidelines. Under the Fifth Framework Programme (1998 – 2002) and Sixth Framework Programme (2002 – 2006) for research, technological development and demonstration, several key actions of individual specific programmes, such as sustainable mobility and intermodality, land transport and marine technologies, efficient energy systems, and services for the citizen were initiated.

In particular, the transport research programme has contributed to EU policy on the trans-European transport network by providing support for the planning and financing of the investment programme and the development of new infrastructure and services. Evaluation methodologies and software tools have been provided to help policy makers assess the impact of different infrastructure plans. New solutions for the efficient operation of networks and terminals have also been assessed.

2.1.3 *Environmental protection*

Sustainable environmental development and protection is an important cross-cutting issue, highly relevant for the development of the TEN-T network but also for the different horizontal issues. International commitments, standards and recommendations already exist for various environmental issues relating to transport.

In article 8 of the guidelines 1692/96 it says that when projects are developed and carried out, environmental protection must be taken into account by the Member States through the execution of environmental impact assessments (EIA) of projects of common interest which are to be implemented, pursuant to Directive 85/337/EEC and through the application of Directive 92/43/EEC. Member States are required to take the results of this environmental assessment into account in the preparation of projects, including those relating to the trans-European networks

¹¹ Directive 2004/52/EC of the European Parliament and of the Council of 29 April 2004 on the interoperability of electronic road toll systems in the Community (Text with EEA relevance), Ref. OJ L 166, 30/04/2004

Legal Provisions on strategic environmental assessment (SEA) 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 should have transposed this Directive into national law by July 2004. The Directive applies to all transport plans and programmes giving rise to future the plans and programmes.

CHAPTER 3

3.1 General assessment of TEN-T implementation in the 2002 – 2003 period

The total investment in the TEN-T network in the EU-27 amounted to EUR 82.3 billion in the 2002 – 2003 period.

Most of the investments went into railways (about EUR 38 billion) followed by roads ((about EUR 27 billion) and airports ((about EUR 10 billion).

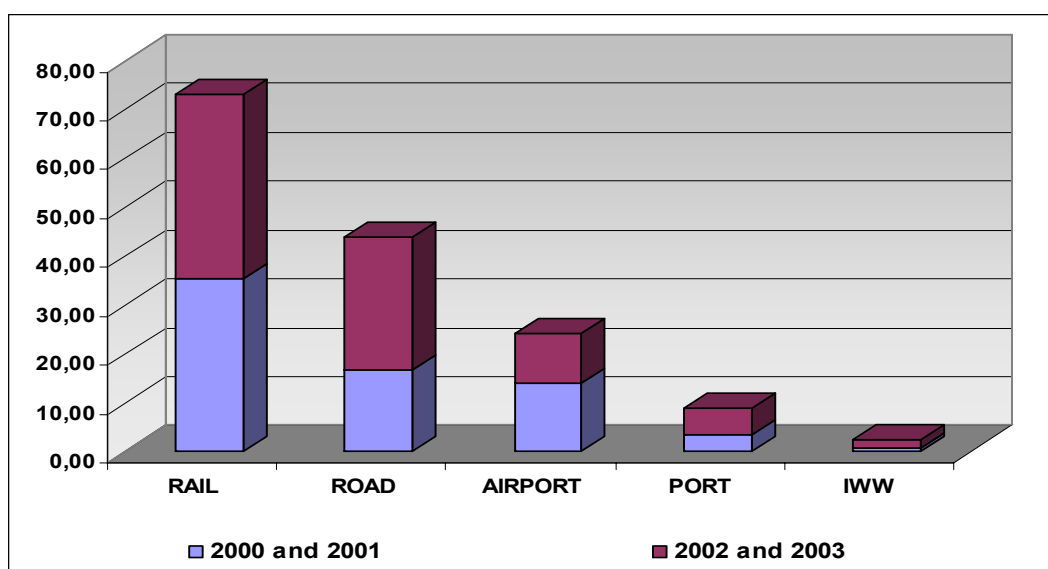


Figure 3: Investment in the TEN-T network in the EU-27 in 2000 and 2001 compared with investment 2002-2003 in billions of EUR

The countries with the highest investment in the 2002 – 2003 period were Italy (EUR 22.56 billion), Spain (EUR 9.88 billion), UK (EUR 7.91 billion), Germany (EUR 7.39 billion) and France (EUR 6.20 billion).

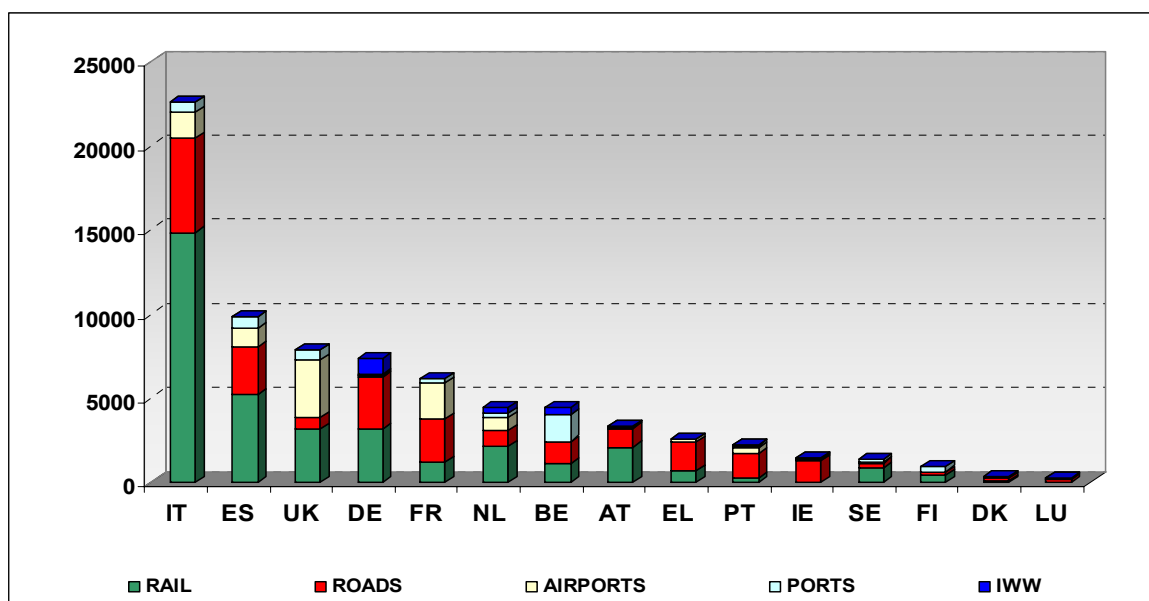


Figure 4: Investment in the TEN-T network per country and mode in the EU-15 in 2002 and 2003 in millions of EUR

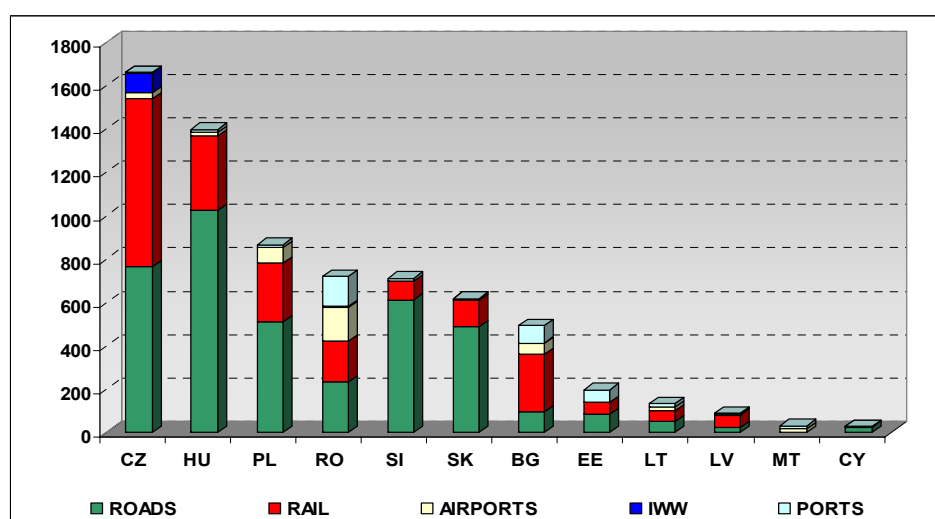


Figure 5: Investment in the TEN-T network per country and mode in the EU-10 and EU-2 in 2002 and 2003 in millions of EUR

In the EU-10 and EU-2 the countries with the highest investments in the 2002 – 2003 period were the Czech Republic (EUR 1.66 billion), Hungary (EUR 1.40 billion), and Poland (EUR 0.87 billion).

3.2 Priority projects

The trans-European transport network consists of many projects of common interest. However, some projects are of particular importance to the European Union given their scale, their role in supporting trans-national trade and in reinforcing the cohesion of the Union, or the extent in which they help in concentrating long distance traffic flows on environmentally friendly modes of transport.

Under the 1996 guidelines¹², 14 priority projects are included, which were to be completed by 2010. On 29 April 2004 the European Parliament and the Council adopted the 2004 guidelines¹³, which include 30 priority projects, to be completed by 2020.

By the end of 2003, three priority projects were completed:

- PP9 Railway axis Cork-Dublin-Belfast-Stranraer (Ireland, UK) in 1989 – 2001.
- PP10 Malpensa Airport (Milan, Italy) in 1995 – 2001.
- PP11 Öresund fixed link (Denmark, Sweden) in 1992 – 2001.

The investment on the priority projects to the end of 2004 amounted to EUR 88.5 billion. The remaining investments into these projects in the 2005– 2020 period are about EUR 252 billion. Thus the total investments and investments in the priority projects, as notified by the Member States in 2004, for the whole 1996 – 2020 period will reach about EUR 340 billion. Provided that the Member States will in future focus on investing in the priority projects, the projects could eventually be finalised before 2020.

3.3 Sources of funding

In addition to national funding (by public authorities), a certain proportion of the investment on the TEN-T network is co-financed by various Community funds, such as the TEN-T budget, the Cohesion Fund, the European Regional Development Fund (ERDF), the Instrument for Structural Policies for Pre-Accession (ISPA) and funding provided by the European Investment Bank (EIB). These sources of support have their specific eligibility criteria, objectives and funding conditions. A limited number of projects, mainly in the airport and port sectors, receive funding by the private sector.

3.3.1 TEN-T budget

In the 2002 – 2003 period, a total amount of EUR 1.19 billion was funded by the TEN-T budget. In line with the TEN-T guidelines, the majority of funding is allocated to railways, accounting for 49.6% of total TEN-T support in this period. In addition, the importance of Global Navigation Satellite Systems (GNSS) was underlined again in the 2002 – 2003 period. A total amount of EUR 250 million (21.0%) was allocated to Galileo and another EUR 52.4 million (4.4%) was allocated to the associated European Geostationary Navigation Overlay Service (EGNOS) project.

3.3.2 European Regional Development Fund (ERDF)

In 2002 and 2003 the ERDF provided assistance for investments in TEN-T infrastructure in those areas eligible for funding under Objectives 1 and 2. In contrast to other Community funds the management of the ERDF is decentralised to the Member States. Under the Regulations covering the period 2000-2006 the data register at Community level is not able to distinguish by year between TEN and non-TEN related expenditure in, for example, the area of transport. Detailed and accurate figures for ERDF spending on TEN projects are therefore

¹² OP cit: 1

¹³ OP cit: 7

not available at present and any figures given are to be considered as the best available estimates.

On the basis of allocations for 2000-2006 (Objectives 1 and 2), made in the programming documents of Member States, the total allocation of ERDF to all transport investments is estimated at 34.1 billion for the whole period, including both TEN and non-TEN related expenditure

3.3.3 Cohesion Fund

The total Cohesion Fund budget 2000-2006 amounts to EUR 28.2 billion, of which about half is allocated to transport projects which play a major role in the development of the TEN-T network. In the 2002 – 2003 period around EUR 3.03 billion from the Cohesion Fund was committed to transport infrastructure projects in Greece, Portugal, Spain and Ireland¹⁴.

3.3.4 ISPA Fund

By supporting investment in Community priority fields of transport and environment, the Instrument for Structural Policies for Pre-Accession (ISPA) contributed to the preparation of Central and East European accession countries. With regard to transport infrastructure projects, ISPA assisted the building and rehabilitation of transport infrastructure and its integration into the EU transport networks. Total ISPA contribution to transport projects in 2002 and 2003 was 1.06 billion Euros.

3.3.5 European Investment Bank Loans

The EIB finances a large number of TEN-T projects provided that they pass an evaluation of technical, financial and environmental matters and that the projects are consistent with EU objectives.

Key aspects of EIB loans are that they can cover up to 50% of the project costs: another advantage vis a vis most of the commercial banks is that they have a longer term for their loans. Moreover, EIB loans are provided without the need for project specific premiums as the EIB requires that loans are backed by a guarantee.

The EIB loans in 2002 and 2003 amounted to nearly 12 billion Euros and the EIB will have about 50 billion EUR available to lend to TEN-T projects for the 2004 – 2010 period.

3.3.6 General assessment of funding sources

It can be concluded that national public funding contributed by far the largest part of the investments in the TEN-T network in the 2002 – 2003 period. Together with private funding, it accounted for about 78% of the total amount of investments into TEN-T infrastructure. Although the exact amount of private funding is difficult to determine (due to the fact that for infrastructure in the private sector (e.g. ports and airports) it is difficult to obtain investment data), overall it represents a comparatively minor part.

¹⁴ Source: European Commission; annual report of the cohesion fund 2002, COM (2003) 697 and annual report of the cohesion fund 2003, COM (2004) 766

As a consequence, national public funding is still the main source of finance for TEN-T related projects.

EIB support in the 2002 – 2003 period was the second largest funding source providing almost EUR 12 billion of loans (14.6%). Funding obtained from the other Community funds (Cohesion Fund, ERDF, ISPA and TEN-T budget) was relatively small, with shares ranging from 1.2% (ERDF), 1.3% (ISPA), 1.4% (TEN-T budget) to 3.7% (Cohesion Fund).

Table 1: Distribution of TEN-T funding sources in million EUR

	2002	2003	2002-03	in %
TEN-T budget	563.4	626.6	1,190.0	1.4%
ISPA	539.1	524.7	1,063.8	1.3%
Cohesion Fund	1,504.6	1,526.1	3,030.7	3.7%
EIB	5,897.8	6,090.9	11,988.7	14.6%
ERDF (estimated)	500.0	500.0	1,000.0	1.2%
National budget & private sources	29,540.4	34,474.4	64,014.8	77.8%
Total	38,545.3	43,742.7	82,288.0	100.0%

CONCLUSION

The total investment in the TEN-T network in the EU-27 over the two year period 2002 – 2003 showed that the average annual investments on the TEN-T network compared with 2000 and 2001 increased.

However, as these investments are calculated in constant prices and after discussions with representatives of the Member States, it is clear that the estimated investment in the TEN-T network can be misleading. Italy, for example, spent more than 22 Billion EUR on TEN-T due to a very intensive investment period in the years 2002 and 2003. The average annual investment in these two years was almost double compared with the six previous years; additionally this EUR 22 Billion represents more than 25% of the total investments in the EU-27. Taking this fact and when analysing the investments in more detail, it is apparent that the total investments per country in comparison with GDP development – especially in the EU-15 - decreased; in Denmark for example only 0.09% of the GDP was spent for TEN-T, while in Slovenia about 1.46% of the GDP was committed for the development of the TEN-T network.

Concerning financing, it can be concluded that national public funding still contributed by far the largest part of the investments in the TEN-T network. In order to optimise the scarce Community funds and to facilitate the coordinated implementation of certain projects, in particular cross-border projects, the Commission designated, in agreement with the Member States concerned, and after having consulted the European Parliament "European Coordinators". The European Coordinator acts in the name of and on behalf of the

Commission and should work to speed up the implementation of the projects of common interest.

The completion of the 30 priority projects for international traffic by 2020 in general, is on track. Thus the annual investment volume in the years 2002 and 2003 was about EUR 40 billion. The elimination of bottlenecks especially on cross-border sections is still lagging behind and needs to be improved.