

# **COMMISSION OF THE EUROPEAN COMMUNITIES**

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Memorandum from the Commission to the Council on  
the Continuity of Transport Infrastructure Measures of Community Interest

MEMORANDUM FROM THE COMMISSION TO THE COUNCIL ON  
THE CONTINUATION OF TRANSPORT INFRASTRUCTURE MEASURES  
OF COMMUNITY INTEREST

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I. Transport Infrastructure Programmes underway

1. The Commission has already presented the following proposals on support for infrastructure projects of Community interest :

- Proposal for a Council Regulation on support for projects of Community interest in transport infrastructure ;<sup>1</sup>
- Proposal for a Council Regulation on financial support for a multiannual transport infrastructure programme ;<sup>2</sup>
- Communication from the Commission to the Council of 20 March 1984 (urgent infrastructure measures to facilitate frontier crossing).<sup>3</sup>

The Commission has also drawn up - at the Council's request - a medium - term experimental programme for transport infrastructure.

2. In the Commission's view, these proposals contain a sufficiently wide range of short and medium term measures to enable the Council to decide, at its May meeting, on appropriate selection criteria and the procedure for granting support for measures to be taken over the next few years and to take decisions that will ensure effective utilization of the appropriations for 1983 and 1984.

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<sup>1</sup>OJ C 207/9, 2.9.1976

<sup>2</sup>OJ C 36/3, 10.2.1984

<sup>3</sup>COM(84)172, 20.3.1984

At this stage the selection criteria should be delineated in such a way that it will be possible - in the context of a Regulation such as that proposed by the Commission - to select a limited number of major projects. The Commission takes the view that the criteria envisaged by the relevant Council bodies will serve as a sound basis in this regard. Transport infrastructure projects which guarantee a positive socio-economic return to the Community within the framework of harmonious development of a balanced infrastructure network and which meet one of the following criteria should be selected :

- elimination of obvious bottlenecks within the Community ;
- improvement of major links between all Member States.

3. As for effective utilization of 1983 and 1984 appropriations, joint efforts by the Council and the Commission have made it possible to draw up a list of measures on which there is a broad consensus. The list comprises the following measures :

3.1. Measures under the 1983 Budget

- 1 Key railway junction et Mulhouse-North
- 2 Luxembourg-Trier motorway
- 3 Wexford by-pass
- 4 Road from Aixos to Gallicos

3.2. Urgent measures under the 1984 Budget

- 1 Railway line between Chiasso and Milan
- 2 Mont Blanc access (Le Fayet - Les Houches)
- 3 Infrastructure to ease traffic flow at frontiers

3.3 Greek Memorandum

- 1 Evzoni-Athens-Kalamata trunk road
- 2 Railway line from Larissa to Plati

### 3.4 Other priority projects

- 1 Shankill-Bray by-pass
- 2 Nuremberg marshalling yards
- 3 London orbital motorway
- 4 Rail access to the port of Harwich
- 5 Improvement of the Lys inland waterway
- 6 Dordrecht bridge.

## II. Future Transport Infrastructure Programmes: Working Methods

### 1. The objectives

Only if the Council accepts a strict discipline in the definition of priority political objectives, based on the use of quantifiable criteria of Community interest, will it be possible to avoid the ill effects of a "pepper potting" of resources. The Commission welcomes the Council's recognition of the need to impart a wider and longer term dimension to infrastructure measures.

It proposes that the Council confirm its recognition of this need at the meeting on May 10th so that the Commission can actively continue its preparatory work and prepare quickly proposals in this field.

Where the definition of priority measures is concerned, the Commission recommends that four priorities should be examined:

- A. Support for projects on major Community trade routes, notably where these represent a particular burden for transit countries;
- B. Choice of appropriate solutions to deal with problems affecting land-sea connections, in particular between Britain and the continent;

- C. Gradual improvement of high quality inter-city links - notably high-speed rail connections;
- D. Better integration of outlying links in the Community network.

An outline plan for the development of the network of Community interest would be developed from these measures; this would constitute a coherent framework for future action which would be effectively linked to programmes assisted under regional development policy.

This approach seems to be best suited to the aim of arriving at a flexible programme designed to concentrate resources upon major projects such as the Alpine links, the Channel crossing, high-speed railways etc.

The Commission believes that it would be useful for the Council to discuss these objectives, which are closely linked to those already set out in the common transport policy, in order to define more clearly the role and scope of short term measures. The outcome of such discussions should give the Commission guidelines for the programme of studies required for subsequent stages.

## 2. The Means

2.1. The general objectives outlined above will only be achieved by a concentration of the Community financial resources, taking particular account of the possibility of integrating some local projects in the regional policy programme.

As transport networks are the instruments of European integration par excellence, development of these networks qualifies for support from the Community's instruments for loans and subsidies.

2.2. Firstly, there is a specific instrument for transport infrastructure. Its objective is to use budget resources to help to undertake projects of proven Community interest that improve the network.

In this connection, two sources of financial support can be envisaged :

- non-repayable Community support (subsidies or interest rate reductions) for projects benefiting more than one Member State;
- granting a Community guarantee for large scale projects which can be shown to be profitable only in the long term and which depend on factors inherent in the development of the Community itself.

2.3. The financment of transport infrastructure projects is also undertaken under :

- the E.R.D.F., The European Regional Development Fund participates in the financing of transport infrastructure in the Community assisted regions through the means of subsidies to public expenditure. From 1975 to 1983, the ERDF provided help for more than 6.300 projects amounting to 2.4 billion ECU. ERDF assistance has been concentrated particularly on roads (1.5 billion ECU), port improvements (355 million ECU) and on railways (200 million ECU). Transport infrastructure, which also includes airports, waterways and urban transport, forms the major category of investment assisted by the ERDF; the assistance represents a third of the overall fund;
- the European Investment Bank (EIB).  
Between 1958 and 1982, the EIB disbursed loans amounting to almost 3 billion ECU under the headings, "common European interest" or "regional development" to improve road, rail, sea and air communications;

- the New Community Instrument (NCI). Infrastructure projects have fallen within the scope of this instrument since its inception in 1978, and the financing of transport infrastructure is one of the priorities specified by the Council in decisions releasing a tranche of loans. From 1978 to 1982, NCI loans amounting to some 230 million ECU were made available to finance infrastructure projects.

2.4. The EIB, NCI and the ERDF finance investment projects. Before any decision is taken on financing, each project is assessed on its individual merits : each project must be economically and financially sound, viable, and profitable. Moreover,

- for the EIB and NCI :

- . the granting of a loan depends on the provision of a first-rate guarantee and the implementation of other financing measures (own funds or other sources; in practice, the maximum proportion of the cost of a project that may be financed by a Community loan is 50% of the cost of the fixed assets).
- . loans are granted for a medium to long term, and at a fixed rate of interest; loans for infrastructure projects may be for periods of up to 20 years; the interest rate is linked to those charged on loans in the capital markets where the funds were raised.

- for the ERDF :

- . the investment project has to contribute to the zone or region where it is situated and must be justified by the regional development programme adopted by the Commission,
  - . the assistance of the ERDF in favour of public authorities can amount to 30% where the investment costs are less than 10 million ECU, and varies between 10 and 30% when the investment exceeds 10 million ECU.
- These rates can be extended to 40% for projects which have special importance for the development of the zone where they are found.

- 2.5. Mention should also be made of funding made available, in particular for large projects, by the ' Club of specialist long-term credit institutions in the European Community ', whose members jointly seek possible sources of finance. This Club, with which the relevant Commission and EIB departments cooperate, recently adopted a number of provisions designed to facilitate its tasks and develop co-financing operations. As the Commission pointed out in this connection, joint action by members of the Club could be strengthened by resorting to Community financing instruments.
- 2.6. The Community has considerable experience in the combined use of loans and grants. The realization of objectives deemed to be priority objectives is facilitated by the provision of funds on favourable terms. The granting of EIB or NCI loans carrying interest rate subsidies (on the Community Budget) to facilitate the reconstruction of areas hit by earthquakes in Italy and Greece, the combination of loans (EIB or NCI) with subsidies to finance investments in less-favoured areas of the Community are examples of this approach.
- 2.7. On the basis of this flexible programme the Commission can, for any given project, examine and suggest the most appropriate ways of finance that combine these different sources.