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COMMUNICATION FROM THE COMMISSION  
TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

# Connecting the Union's transport infrastructure network to its neighbours

Towards

a cooperative pan-European transport network policy

## **Executive summary**

Connecting the Union's transport infrastructure network to its neighbours requires a cooperative pan-European transport network strategy. This pan-European network is vital for competitiveness, growth and jobs.

The Commission strongly believes in a comprehensive approach to the pan-European network, both in terms of geographical coverage, and in terms of the range of network issues covered, going beyond infrastructure to inter-operability and use of intelligent transport systems and compatibility with environmental objectives.

In addition to Western Europe, the pan-European network will cover the countries of Central and Eastern Europe, including the European countries of the Former Soviet Union, and the Union's partners in the Mediterranean.

This comprehensive approach needs to take account of the special position of the candidate countries for accession, which are currently assessing, with the EU, the transport infrastructure needs in their countries, with a view to extending the trans-European transport network to their territories.

This approach is embodied in the mechanism of a pan-European Networks partnership. It comprises five themes for action on the basis of a common approach towards sustainable mobility:

- The Pan-European Corridors and Areas as a framework for ensuring efficient transport services with all our neighbours. The Commission encourages all European countries, the International Financial Institutions and the private sector, to make every effort to complete these corridors. The Commission welcomes the efforts being made in the Mediterranean Basin to achieve a similar concrete and practical approach to transport investment in the area.
- The extension of the TENs to the applicant countries as part of the pre-accession strategy;
- A common European approach to transport technology, in particular to ensure inter-operability;
- The encouragement of intelligent transport technologies through-out the pan-European network;
- Co-operation on research and technology.

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Socio-economic evaluation and strategic environmental assessment form the keystone of any European-wide network strategy and must therefore be integrated into the five themes set out above.

In addition to these themes, the partnership must treat financial and institutional/regulatory issues.

On Finance, the major share of infrastructure investment comes from national sources; but the necessary investment will not take place without external support.

As far as the candidate countries for accession are concerned, a multi-country TEN programme should be established. This will strengthen the functioning of the market economy overall, and thus accelerate adoption of the *acquis communautaire* and full development of common policies. For the Mediterranean, the case for more emphasis on transport networks spending will be reviewed. The Commission will initiate the necessary measures to ensure horizontal co-ordination and compatibility amongst the various budget instruments for transport networks investment for the corridors and areas.

The Commission will co-operate with the International Financial Institutions, in particular EBRD, World Bank, EIB and EIF, in order to develop a coherent approach in supporting the realisation of the Pan-European transport corridors and areas.

The institutional and regulatory aspects of the partnership must be evolutionary, based on the wide range of existing bodies.

A continent-wide partnership across the next two decades is needed to make Europe's transport network meet the needs of the twenty first century. The Commission is putting forward an action plan for this purpose which concludes this Communication.

The concept of a Pan-European network partnership, and the accompanying action plan will be presented to the Helsinki pan-European Conference in June.

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## Introduction

1. Well developed and modern infrastructure is vital to the competitive strength of any economy. The arguments in favour of TENs within the EU, apply equally to their extension on a pan-European basis. The extension of trans-European networks to our neighbours can contribute directly to sustained and sustainable improvement in growth and competitiveness and, therefore, to employment and social well-being through reduced costs and better export potential, both in the EU and in the countries concerned.

2. But the regional development aspect to the TENs is also important. The disadvantages of peripheral and less prosperous regions can be corrected through increased mobility and the improvement of physical links. Just as this is true within the Union so it is between Western and Eastern Europe and with the Mediterranean basin. The completion of the Trans-European transport network within the EU remains a central priority. Alongside this, the establishment of a coherent framework on pan-European level, ensuring connections and interoperability, needs to be pursued.

3. On the basis of the Union's various agreements<sup>1</sup> with its neighbours, the Commission has over the years taken a number of initiatives involving four groups of countries - the Central European Countries (CEC), the New Independent States (NIS), the EEA States and Switzerland, and the countries of the Mediterranean basin - aimed at promoting the interconnection of the Union's Trans-European Transport Network (TEN-Tr) with these countries' networks.

4. While the approach followed so far has been pragmatic and has led to a number of positive developments, it has been somewhat piecemeal, taking advantage of opportunities as they arose. There are also a number of major gaps, particularly in former Yugoslavia, where the peace process will create new obligations and opportunities, and in the Eastern Mediterranean, where political tensions have so far made it difficult to conceive and implement a coherent approach. Furthermore, modifications in the nature and quality of the Union's relationship with its different neighbours, particularly the candidate countries and those in the Mediterranean basin, suggest that a more comprehensive strategy needs now to be devised.

5. Such a strategy should contribute to consolidating the various actions at different levels and pursuing a Pan-European, balanced multimodal transport infrastructure development. Furthermore, it should promote a joint approach to sustainable network planning between the Union and its partners and finally focus investment on priority transport infrastructure projects for the Union and respectively the CECs, the NIS and the countries of the Mediterranean basin.

### Elements of a transport network strategy

6. The above mentioned goals should be implemented through ongoing activities, based on five elements of a transport network strategy : Pan-European transport corridors and areas, extending the Trans-European Network approach to new Union members, a common approach to the use of transport technology, the intelligent use of transport networks, and Pan-European co-operation in R&D. Based on these strategic elements the Commission would like to see a Europe-wide Transport Networks Partnership.

7. Design and development of the pan-European transport network including its corridors and areas must integrate environmental concerns in relation to all five themes: Sustainable mobility in Europe as a whole must be an inbuilt goal of all transport infrastructure development. Therefore, socio-economic evaluations together with strategic environmental assessment form the keystone

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<sup>1</sup> the Europe Agreements (and Transport Agreements where they apply) with the Central and Eastern European States, the Partnership and Cooperation agreements with the New Independent States and the Euro-Mediterranean agreements with the states around the Mediterranean basin, the EEA Agreement with Norway, Iceland and Liechtenstein, the Transport Agreement with Switzerland, the Association Agreements with Turkey, and with Malta and Cyprus

of any European-wide network strategy. Since methodology is moving and R&D brings permanently new developments network designer and developers also need a permanent exchange of knowledge with the scientific community in this field. In particular they should draw on the methods that are currently being developed by the Commission in implementation of the TEN Guidelines and the Transport RTD programme.

### ***The Pan-European transport corridors and areas***

#### *Pan-European Transport Corridors*

8. The second Pan-European Transport Conference on Crete in 1994 identified nine priority transport corridors for Central and Eastern Europe as the main transport links *forming the basis* for further work. The nine corridors are shown in the maps attached and will be described in a brochure, to be issued by the Commission services in April; the maps and the brochure present the status of work in early 1997. See also the annex for details

9. The concept of corridors had, and continues to have, a significant influence on International Financial Institutions' support for transport infrastructure investments. In particular the G24 transport group meetings (involving investors, banks and administrations), have supported efforts to turn the corridors into reality; the corridor concept was also instrumental in streamlining the investment proposals for transport infrastructure in the light of resources available. The Memoranda of Understanding between the countries concerned, have underlined their commitment and further enhanced the role of the corridors as focal points for investment.

10. Infrastructure investment requires the identification of viable projects, to be financed from national budgets, the Community budget, loans from Financial Institutions and possibly from private investors. In order to select such projects for early implementation a set of criteria were set out in the report which the Commission presented at the Crete Conference. The criteria<sup>2</sup> are now more or less accepted for important infrastructure projects in Central and Eastern Europe. This results from the practice of the last two years in the G24 working groups and in Community fora dealing with the TEN, and gives a firm basis for future investments. The Commission will promote these criteria for the selection of all projects where the Community is participating.

11. So far, mainly for pragmatic reasons, the corridors have principally covered road, rail and, to a limited extent, waterways (the Danube). However, for the sake of achieving sustainable mobility all over Europe all modes of transport should be considered according to their comparative advantages: A pan-European corridor must be multimodal in its concept, while its implementation on the basis of a socio-economic and environmental analysis, might give preference to certain modes of transport.

#### *Pan-European Transport Areas*

12. In the ongoing considerations about the required infrastructure it has become apparent that the concept of corridors is not entirely appropriate for areas such as the Black Sea and its connections to the Aegean, the Arctic region of Europe, or the Mediterranean Basin and its constituents such as the Adriatic Sea. These areas need special attention in order to determine the optimal mix of links, nodes and shipping and aviation facilities. The Commission therefore proposes to complement the corridor concept by an area concept: The Pan-European transport areas. This will also be presented to the Pan-European Conference in Helsinki.

13. The implementation of such areas would follow the same rules and criteria as in the case of corridors<sup>2</sup>. It may be appropriate to conclude memoranda of understanding amongst the countries in the area leading to special but realistic study programmes to foster efficiency of the transport

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<sup>2</sup> See annex

infrastructure in the relevant areas and to meet high standards in terms of safety and environmental protection, and hence to benefit Pan-European sustainable mobility of passengers and goods.

14. In the Mediterranean, priority must be given to facilitating and improving waterborne transport flows. However, in the longer term, it will be necessary to develop an overall approach to the planning of an efficient transport infrastructure in the Maghreb, Mashrak and Middle East, including links through Turkey, and its connection to the TEN-Tr in the South of the European Union and to the evolving network in South Eastern Europe and the Black Sea area. Here an approach based on the development of an overall, multimodal network has been agreed.

#### ***Extending the Trans-European Network approach to new Union members***

15. Within the comprehensive 'pan-European,' approach advocated in this communication, it is clear that the position of the candidates for EU membership has to be given special treatment, since these countries should ultimately be incorporated into the EU's own TEN system. This is one part of the pre-accession strategy, and relates closely to the recent information note on the re-orientation of the PHARE programme in the context of the pre-accession strategy.

16. On 23 July 1996 the European Parliament and Council adopted Community guidelines for the development of the trans-European transport network<sup>3</sup> (TEN-Tr). These guidelines establish orientations, up to the year 2010, for the development of a multimodal transport network on the Union's territory, in particular through promoting the interconnection and interoperability of national networks and fostering its intelligent use and compatibility with Community environmental objectives.

17. The trans-European transport network is primarily designed for the benefit of the Union's citizens: it aims to allow free movement of people, goods and services throughout the Union, giving countries and regions appropriate access to European centres, while respecting the environment.

18. With respect to the candidate countries for accession the Commission services have, in response to the recommendation of the structured dialogue between the Council and CEC Transport Ministers on 28 September 1995, launched a process - the Transport Infrastructure Needs Assessment (TINA) - which is intended to help identify the broad lines of necessary measures regarding TEN in the candidate countries, and to identify priorities and projects of common interest. In particular, the economic viability of projects and possible ways of financing them will be examined. Strategic environmental assessments will be integrated in the TINA process.

19. This process is co-ordinated by the TINA group of senior officials from Member States and candidate countries. By the end of 1998 the group plans to present a first draft report on how the network could be extended.

20. With a view to the development of a pan-European network strategy, it is envisaged that one element of the TINA process will be the development of links between the extended TEN-Tr and the networks of other countries of Central and Eastern Europe (e.g. Albania, Bosnia-Herzegovina, FYROM), the European NIS and other third countries.

21. In the candidate countries, corridors and areas will, through the TINA process, gradually be incorporated into a denser trans-European transport network. The Pan-European transport corridors and areas, will however, in the medium and long term, remain the basic infrastructure for trade between the enlarged Union, the New Independent States and their regions, and the Mediterranean basin.

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<sup>3</sup> Decision No 1692/96/EC (OJ L228 of 9 September 1996)

***Towards a common European approach in transport technology***  
*Interoperability of transport infrastructure, its network and management*

22. Interoperability, amongst other issues<sup>4</sup>, relates to the different technically possible solutions for a transport network and the transport services using it. Usually technical interoperability is accomplished by developing standards and agreements at the level of economic operators: suppliers, service providers and transport companies. For safety reasons but also since transport was until recently mainly a public sector domain, the technical specifications were often set by a regulatory framework. Due to the increasing market orientation of Europe's transport sector, the right balance between standardisation on one hand and regulatory measures on the other must be developed.

23. For the various modes of transport interoperability ensures that different technologies can be used in parallel and that services using different technologies may use the same infrastructure. It includes also the interconnection of various public or private systems existing in Europe. On the basis of interoperable networks transport operators can supply transport services in the safest and most cost effective way, minimising harm to the environment and at the same time competing with each other for the benefit of the transport sector as a market place.

24. Work regarding standardisation and common approaches to ensure interoperability has been pursued in various fora; in international organisations such as the UN-ECE for land transport, IMO for maritime transport and EUROCONTROL or ECAC for air transport, CEN, CENELEC and ETSI for the development of European standards.

25. Major work on the network infrastructure for land transport has been carried out by the UN-ECE in their agreements concerning roads (AGR), railways<sup>5</sup> (AGC), combined transport (AGTC) and most recently concerning inland waterways (AGN). All these agreements are subject to ratification by the Member countries of the UN-ECE, but not all have signed yet. In order to streamline Pan-European transport infrastructure development, the Commission urges those States to ratify the agreements as soon as possible.

26. Interoperability is one of the top priorities of the TEN-T guidelines. Network interconnection and interoperability with third-country networks is to be determined on a case-by-case basis. The Treaty on European Union mentions it as one area for projects of mutual interest for the Union and third countries.

27. The candidates for accession are required to approximate their legislation to the Community acquis; interoperability is an issue here; and in the context of the existing Memoranda of Understanding interoperability issues should be addressed on a regular basis. The Commission considers network interoperability as a major objective for co-operation in a pan-European network partnership.

***The intelligent use of transport networks***

28. The intelligent use of the transport network, mainly through efficient traffic management systems, while rather moderate in investment needs, can result in major improvements on traffic flows, thus increasing the use of the capacity of existing infrastructure. The Commission therefore supports the implementation of such concepts. Most of these systems have global application features and are not specific to the Union's territory. This applies specially to:

VTMIS: a vessel traffic management and information system for European waters  
ERNP: Europe's future Radio-navigation Plan which is under preparation

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<sup>4</sup> for full definition of interoperability refer to Directive 96/48 23 July 1996 article 2, §b

<sup>5</sup> Further to the efforts of the UN-ECE the railway companies have recently created an European Economic Interest Grouping (EEIG) specifically for highspeed train technologies

ATM	Air Traffic Management consistent with the European Air Traffic Control Harmonisation and Integration Programme (EATCHIP)
GNSS	Global Navigation Satellite System: of clear significance for future ATM systems and likely to become of great importance for all kinds of traffic management systems.
ERTMS	European Rail Traffic Management System, consisting of a control command system for the European Railways, developed within the Union's R&D programmes and activities
RTT	Road Transport Telematics can help optimise existing infrastructure capacities, link networks and services, improve safety and reduce the negative effects of transport on the environment
TEDIM	TEDIM (Telematics for Trade Logistics and Delivery Management) operated by Finland, Russia and Germany in the Baltic sea area; could usefully be extended to other areas in Europe such as the Black sea or the Adriatic.

This list of activities should demonstrate the ongoing efforts in the transport sector to harness modern technologies offered by the information and telecommunication sector. The Commission invites its European neighbours to join these efforts where appropriate.

29. Investment in intelligent transport networks brings significant benefits relative to the size of the investment: Developing the infrastructure for the intelligent use of transport networks requires funds amounting to up to 10% of physical infrastructure costs while allowing to accommodate 30% more traffic without additional capacity investment. It is an area that seems ripe for private sector involvement particularly for so-called "added-value" services. Public-private partnerships have already started and will be encouraged.

### ***Pan-European co-operation in transport research***

30. Transport has always been an important sector for innovation in our economies. For this reason the Union has reserved an important share for transport in its Research and Development and Demonstrations framework programme. Furthermore, the topic of pan European transport infrastructure is an essential component of the various areas of strategic transport research (namely: understanding mobility, economics of transport system, developing intermodality, system organisation and interoperability, integration of new technologies, policy assessment) under the Community's Research and Development and Demonstrations Framework programme. Within the "Policy assessment" area one important task deals with the 'strategic assessment of corridor developments, TEN improvements and their extension to the CEEC/NIS'.

31. The Commission considers co-operation in transport R&D with its neighbours as an important part of its co-operation policy, and for the candidate countries for accession, as a means to accelerate the adaptation of their transport sector to that of the Union. Most countries in Europe also have national programmes to promote their transport sector. Under the present 4th Framework Programme, the specific programme on Transport research is open to CEECs/NIS participation. Furthermore, funding is available through the specific programme on international co-operation (INCO) to support the participation of organisations from these countries in projects of the Transport programme. Up to March 1997, 25 different partners from such countries are involved in 24 projects and the Community's contribution to their participation amounts 1.2 MECU. This will be pursued in the 5th Framework Programme.

### **Towards a Europe-wide Transport Networks Partnership**

32. Given the goal of the creation of a multimodal transport network across the European continent as a whole, the concept of a Europe-wide Transport networks Partnership between the Union, MS governments, the governments of other interested countries, the International Financial Institutions and the private sector seems an appropriate way forward, particularly for evolution of regulatory and organisational structures.

33. Building on the previous experience of infrastructure development in this region, such a partnership should aim at giving possible investors a stable framework for their financial transactions, and similarly for construction and transport service providers and the equipment

industry. The governmental partners must develop transparent sets of rules which allow investors a clear view of the political and administrative risks on their projects; while complying with EU policies concerning competition, environment and public procurement.

34. Such a partnership on the Pan-European level could also foster the establishment of legal entities which could help to manage efficiently large scale investment projects of a Pan-European nature.

35. Such a partnership needs to be considered from three viewpoints: the required investment volumes and their financing; the regulatory and institutional framework and its limitations; and an action plan to launch such a partnership.

### ***Investment costs and financing***

36. Infrastructure investments are funded through a number of complementary instruments which vary significantly across Europe, although, the most important source for investments is still national budgets. Transport infrastructure measures at a European level have so far been mainly in the public sector. However, a number of actions have involved the private sector. In particular in airport financing and port investments the private sector has begun to engage in public private partnerships.

37. Expenditures of the Member States for infrastructure relevant to the Union amount, on average, to 1.2% of the EU's GDP<sup>6</sup>: in absolute terms this is approximately 60 BECU/annum. This is complemented by Community funds, e.g. for the so-called cohesion countries, from EU structural funds and a special budget line for the TENs. Compared with Member States' efforts, these Community contributions are moderate, but can have an important catalytic effect.

38. In our neighbours, some Community grant finance is available, but the lion's share of investment comes from the IFIs - EIB, EBRD and the World Bank - which have, since 1990, engaged about 2.6 BECU in lending in Central and Eastern Europe (CECs and NIS), with their current joint new engagements totalling about 500 MECU per annum in infrastructure measures. Possibilities for financial support differ according to the nature of the Community's relationship with the countries concerned, and the instruments available.

### *Central European countries*

39. As the relations with the candidate countries will become much stronger during the accession process it can be expected that the volume of trade and tourism between the Union and the candidate countries will also rise. This will increase the pressure on the existing rather inadequate transport network and substantial transport infrastructure investments will therefore need to be achieved during the coming years.

40. Potential investment costs for establishing the TEN-Tr in the CECs<sup>7</sup> have been estimated at 50 to 90 BECUs for the next 15 years, merely for upgrading roads and railways to Western European standards to meet the expected growth in traffic, without considering any new links. Since national budgets of the CECs are restricted, and there is a huge maintenance backlog, significant external assistance will be required. The ECOFIN Council concluded already with respect to the involvement of the EIB in the pre-accession process: "... Member States and the European Commission unanimously declare that they agree to the creation of a sizeable pre-accession support facility".

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6 for details see report of European Centre for Infrastructure Studies (ECIS), Rotterdam: The State of European Infrastructure 1996

7 Figures in this paragraph reflect considerations in "Transport Infrastructure Financing in Central and Eastern Europe" by M. Gaspard published at Presses de l'école national des Ponts et chaussées, France

41. Since 1992, the PHARE programme, acting in the 10 applicant countries, Albania, Bosnia-Herzegovina and FYROM, has funded about 600 MECU in total for transport infrastructure investments. So far 25% of the total PHARE budget may currently be used for infrastructure investments. For the accession countries, a multi-country TEN programme should be established. This will strengthen the functioning of the market economy overall, and thus accelerate adoption of the *acquis communautaire* and full development of common policies. The recent PHARE re-orientation indicates that Phare will continue to finance or co-finance together with the EIB, EBRD and the World Bank major infrastructural projects. A substantial volume of funds from private and public sector sources will continue to be invested annually in transport projects, mainly on the Pan-European corridors. A significant increase in funding between now and 2005 is likely to be required

#### *The New Independent States*

42. The New Independent States show some readiness to open many parts of their infrastructure for Pan-European transport, in particular as regards the Pan-European transport corridors and areas. This will result in traffic growth which will create bottlenecks due to inadequate infrastructure. Financial support for investments in order to remove such bottlenecks would benefit Pan-European transport and trade between the Union and the NIS.

43. The main source for finance in these countries will continue to be the World Bank Group and the EBRD while- through TACIS - Community technical assistance is provided under the so-called Inter State programme towards the realisation of the Crete Corridor II (Germany, Poland, Belarus, Russia) as well as Corridor IX (Finland, Russia, Ukraine, Romania, Bulgaria, Greece). Moreover, quite a number of projects are sponsored in the framework of the Transport Corridor Europe-Caucasia-Asia, established in 1993.

44. The new TACIS Cross Border Cooperation programme will come into full operation resolving specific infrastructural bottlenecks on key border-crossings. In that respect small infrastructural networks improvements will be co-financed. Experience with this programme will provide a means for assessing the case for further adjustments.

#### *Mediterranean*

45. The financial needs for transport infrastructure around the Mediterranean basin still need to be determined. In these countries, the EIB has co-funded several projects over the recent years, under the existing Financial Protocols. The MEDA programme promotes preparatory work for the interconnection of transport infrastructure networks and for transport infrastructure projects, in particular through feasibility studies. Consideration should be given to extending the range of such "soft" activities in the bilateral and regional programming of MEDA. However the financing of actual investments will have to continue to be provided from other sources such as the EIB or the World Bank. As regards the Eastern Mediterranean, on the model of the G-24, a forum for co-ordination of aid has been established.

#### *Overall coherence*

46. Networks have to be looked at in a coherent way: failure to complete a road link in Russia may undermine many of the benefits of linked investments in accession countries. But there is no programme which allows the Union to support infrastructure investments along the length of the corridors in a coherent way. The rules in the INTERREG and TEN budget line for the Union's territory, the rules in PHARE for Central and South Eastern Europe, in TACIS for the New Independent States, and in the MEDA programme are all different.

47. It would therefore be a major step forward if a co-ordinated approach could be envisaged which could cover all Pan-European transport corridors and areas in a consistent manner. This co-ordinated approach would seek to acknowledge the appropriateness of differentiation in some respects (e.g. maximum percentage subsidy) and the differing policy objectives of these programmes, while seeking to remove unnecessary differences (e.g. in terms of eligibility criteria,

co-financing arrangements, geographical scope) which make a coherent approach to network financing difficult. It would not affect existing envelopes for particular groups of countries, but rather assure their co-ordinated use in support of the networks.

Such an approach would fit within a broader framework of co-ordination with other donors, essentially the IFIs.

### ***The regulatory and organisational framework***

48. A partnership may be realised in different ways: from very informal agreements to treaties between sovereign states. The action of the G24 transport working party is an example of an informal partnership; the Commission is ready to continue for the time being along this path. However, there are a number of agreements - the Europe Agreements with the CECs, bilateral transport agreements with several States, the Euro-Mediterranean Agreements - and Memoranda of Understanding for several corridors which the Commission would like to use in a coherent way for the purpose of implementing the partnership.

49. A range of existing institutions and bodies are already active in this area. The Commission considers that an evolutionary approach to institutional and regulatory development is appropriate, building on the bodies already active in order to ensure a comprehensive approach to pan-European networks becomes a reality. In addition to the Community itself this will embrace:

- The Pan-European Transport Conference in Helsinki which is expected to confirm its support for the corridor strategy;
- The ECMT for the CECs and NIS, the BSEC for the Black Sea, and the Conference of Mediterranean Transport Ministers, which could undertake the necessary political follow up of this strategy.
- The framework of the G24 Transport Working Group which provides the necessary Pan-European forum involving the financial institutions and the private sector. A similar body for the Mediterranean has recently been created.
- For the applicant countries, the structured dialogue, in the context of the pre-accession strategy, which is appropriate for planning the formal integration of these countries into the TENs;
- The steering committees of the various corridors and areas set up under MoUs amongst the countries concerned.
- Ongoing co-operation with the International Financial Institutions, in particular EBRD, World Bank, EIB and EIF, which should be intensified, in order to develop a coherent approach in supporting the realisation of the Pan-European transport corridors and areas.

50. Some of the central principles binding together the partnership should be

- i the planning framework of "Pan-European transport corridors and areas" should be fully developed by all parties concerned and applied in discussions on future investment;
- ii A consistent approach to project identification, based on the criteria developed in the context of the Crete Corridors and of the Community Guidelines for TEN-Tr;
- iii the development of investment instruments which assess and grant support for projects on the basis of principles and rules which are as similar as possible.
- iv the development of the Public Private Partnership concept as an important tool for project specific investment partnerships, drawing on the results of the Kinnock High level group on PPPs in the Community, and the importance of organisational structures which allow the creation of single project entities for large investments.

51. The Commission is ready to take the necessary initiatives to establish a Pan-European Transport Networks Partnership. For this purpose a series of initiatives are set out in the Action Plan attached.

## **Action plan for a Pan-European transport networks partnership**

In order to foster close co-operation among all parties concerned with the development of the necessary transport networks on the European continent, the Commission would like to see a Pan-European Transport networks Partnership, to operate over the next two decades. The Partnership should be a mechanism for co-ordinated transport planning, studying regulatory measures and facilitating financial arrangements at a Pan-European level, based on the following initiatives. The Commission will present this partnership approach to the Helsinki Conference .

The institutional and regulatory aspects of the partnership must be evolutionary, based on the wide range of existing bodies. The Commission will keep under review the case for new institutional development. The Commission will report in Autumn 1998 on progress and suggest possible further actions.

### **A: *Towards co-ordinated transport planning: five themes for action***

#### ***Pan-European transport corridors and areas: a planning tool and investment focus***

1. The Commission will co-ordinate preparatory work for the Third Pan-European Transport Conference in June 1997 in Helsinki and will, with the UN-ECE and the ECMT, forward a joint set of priority pan-European corridors and areas, to provide the long-term planning framework for the development of the pan-European Transport network. The Commission hopes the Conference will support this framework.
2. Following the Third Pan-European Conference, the Commission will continue to use the G24 framework and in particular its regional subgroups, together with a similar Group for the Mediterranean, to promote infrastructure development, establishing financing schemes together with the International Financial Institutions.
3. As a basis for reviewing the progress of work on the Pan-European transport corridors and areas, the Commission will, where appropriate together with the UN-ECE and the Secretariat of the ECMT, report to Transport Ministers in the relevant fora .
4. The Commission will actively support the efforts of the States involved in Pan-European transport corridors and areas to conclude Memoranda of Understanding, in order to establish fora for studying their implementation, and to establish a basis for project specific investment partnerships involving the private sector.
5. As regards South Eastern Europe, special attention will need to be given to integrating fully the countries of former Yugoslavia into the Pan-European partnership, as a support for the reintegration of the region when the required conditions are in-place.

#### ***Extend the Trans-European Network approach to new Union members***

6. In the context of the pre-accession strategy, the Commission will continue the Transport Infrastructure Needs Assessment (TINA) process with the aim of extending the TEN-Tr to the candidate countries for accession. A first report will be available by the end of 1998, which will be taken into account in the first progress report on the development of the trans-European transport network due in 1999 which should deal with the question of extending the network to the potential new members.

The structured dialogue within the framework of the Europe agreements will continue to provide a forum for political guidance of development in TEN in the accession countries.

*A common approach to the use of transport technology*

7. The Commission will promote interoperability and standardisation actions in the context of the Pan-European transport corridors and areas and the development of an extended TEN-Tr, and encourage the involvement of these third countries in the relevant international bodies.

*The intelligent use of transport networks*

8. As priorities in this area, the Commission will:
- in the framework of G24, launch the necessary work on GNSS with a view to extending its coverage to all neighbouring countries in Europe.
  - promote the idea of an interoperable Control Command system on the Pan-European rail transport corridors and areas,
  - help to implement a coherent Vessel surveillance system in all European waters,
  - promote the standardisation of road traffic management systems beyond the Union's borders,
  - support all activities which will lead to a more efficient Air Traffic Management throughout the European Continent
9. With a view to supporting in accordance with the objectives of the Community policy on sustainable development including the use of more environmentally friendly modes of transport, the Commission will give strong support to more efficient travel information systems based on tools of the Information Society.

*Pan-European co-operation in R&D*

10. The Commission invites researchers on the European continent to cooperate more closely together for a future efficient transport network in Europe which supports the concept of sustainable mobility across Europe. As with the 4th Framework Programme, the transport research programme in the 5th Framework Programme will be open to CECs/NIS participation together with funding through the international co-operation programme.
11. The Commission will induce and promote the application of strategic environmental network assessment amongst others through demonstration studies.

**B: Financial Aspects**

12. The Commission will continue to support the implementation of the Pan-European transport corridors and areas from relevant Community budget lines as they are available in the present budget system. It will initiate the necessary measures to ensure horizontal co-ordination and compatibility amongst the various budget instruments for transport networks investment.
13. The Commission strongly recommends that, for Europe as a whole, support from national funds and programmes and from the IFIs should principally be given to infrastructure and network projects which contribute to implementing the Pan-European transport corridors and areas, or the main axes for Pan-European transport on the territory of the Union.
14. As far as the candidate countries for accession are concerned, the Commission will put forward a multi-country TEN programme under the re-oriented PHARE Programme. For the Mediterranean, the case for more emphasis on transport networks spending will be reviewed.
15. The Commission will co-operate with the International Financial Institutions, in particular EBRD, World Bank, EIB and EIF, in order to develop a coherent approach in supporting the realisation of the Pan-European transport corridors and areas.

**Annex 1: Maps: The nine Pan-European transport corridors and their connection to the  
TEN-Tr  
status February 1997**

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**Connecting the Union's transport infrastructure network to its neighbours**

Towards a cooperative pan-European transport network policy

Annex - page 1

# TOWARDS A PAN-EUROPEAN TRANSPORT NETWORK

## ROADS

### LEGEND



European Union



EEA countries



Accessing countries



Other countries

Associated countries



Pan-European Corridors  
(Crete, 1994) status: end of 1996



Trans-European Transport Network

1 Helsinki - Tallinn - Riga - Kaunas - Warsaw (road component) - Via Balica (rail component) - Rail Baltica) & Riga - Kaliningrad - Gdansk (road & rail) section: Via Hankevalca  
Berlin - Warsaw - Minsk - Moscow

2 Berlin - Dresden - Wrocław - Lvov - Kiev

3 Berlin - Nürnberg - Praha - Budapest - Constanta / IJissabrat / Istanbul

4 Venice - Trieste / Kopet - Ljubljana - boundary between Slovenia and Hungary - Budapest - boundary between Hungary and Ukraine - Uzgorod - Lvov (Kiev) with branches: Branch 1: Rijeka - Zagreb - boundary between Croatia and Hungary - Budapest - boundary between Hungary and Ukraine - Uzgorod - Lvov - Kiev and Branch 2: Bratislava - Zilina - Kosice - Uzgorod and their interconnections with infrastructure and transports in all modes on the same or reasonably related routes

5 Odense - Warsaw - Zilina

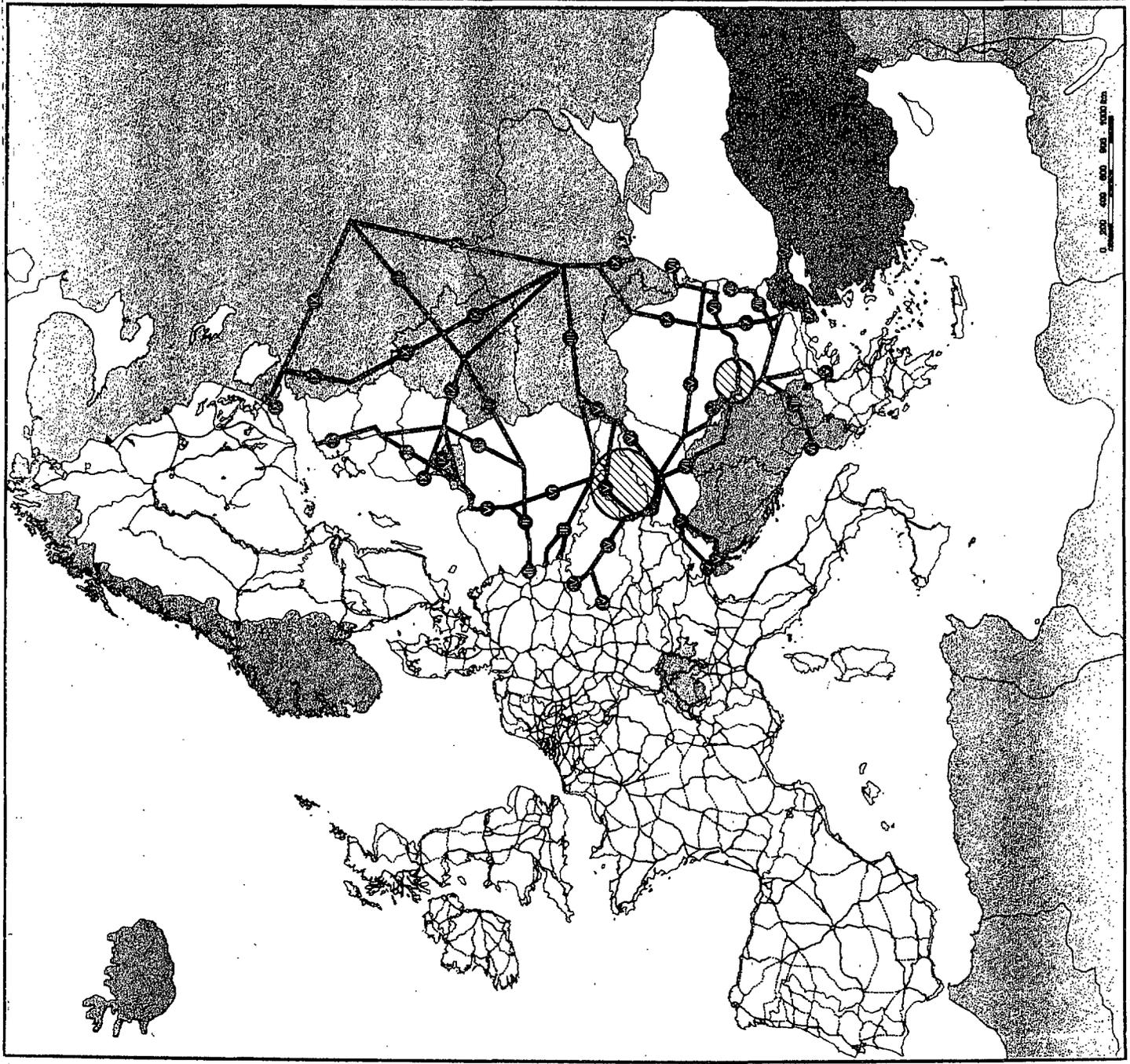
6 Danube

7 Durrës - Tirana - Skopje - Sofia - Varna

8 Helsinki - St. Petersburg - Moscow - Rostov - Vozneski - Kiev - Lvov - Odessa - Ljubljana - Bratislava - Praha - Vienna - Graz - Trieste - Rijeka - Kaliningrad - Gdansk



Prepared by the European Commission



# TOWARDS A PAN-EUROPEAN TRANSPORT NETWORK RAILWAYS

## LEGEND

European Union



EEA countries



Acceding countries



Other countries

Associated countries



Pan-European Corridors  
(Create, 1994) status and of 1996



Trans-European Transport Network

Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, and Vatican City.

Benelux (Belgium, Netherlands, Luxembourg)

Central Europe (Poland, Czech Republic, Slovakia)

Central Mediterranean (Italy, Greece, Turkey)

Central Western Europe (France, Germany, Benelux)

Central Eastern Europe (Poland, Czech Republic, Slovakia)

Central Northern Europe (Denmark, Sweden, Finland)

Central Southern Europe (Spain, Portugal, Greece)

Central Western Europe (France, Germany, Benelux)

Central Eastern Europe (Poland, Czech Republic, Slovakia)

Central Northern Europe (Denmark, Sweden, Finland)

Central Southern Europe (Spain, Portugal, Greece)

Central Western Europe (France, Germany, Benelux)

Central Eastern Europe (Poland, Czech Republic, Slovakia)

Central Northern Europe (Denmark, Sweden, Finland)

Central Southern Europe (Spain, Portugal, Greece)

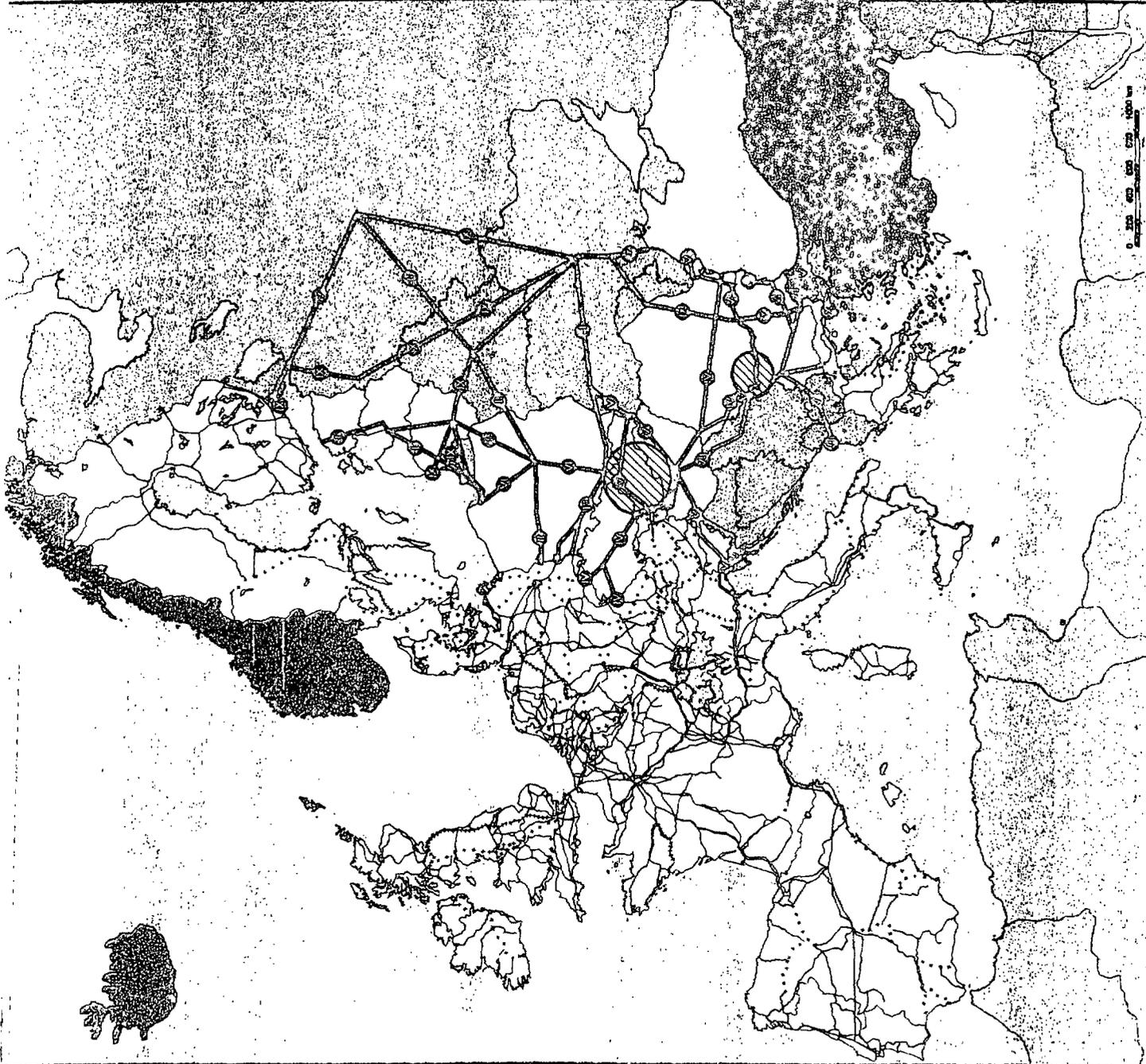
Central Western Europe (France, Germany, Benelux)

Central Eastern Europe (Poland, Czech Republic, Slovakia)

Central Northern Europe (Denmark, Sweden, Finland)

Central Southern Europe (Spain, Portugal, Greece)

Central Western Europe (France, Germany, Benelux)



Prepared by the European Commission

## **Implementation of transport infrastructure projects for the benefit of Pan-European transport.**

The Treaty establishing the European Community speaks about

projects of common interest:

for projects to be executed within the borders of the Union following the Community guidelines and supported by the Union following the provisions of the network financial regulation and

projects of mutual interest:

when projects extend across the Union's borders or lie within a third country.

The International Financial Institutions restrict themselves to what they define as

bankable projects:

which are more limited in scope, with an upper limit of the order of 500 Million ECU, while smaller projects are even more welcome. Such projects form part, or are sections, of the large scale projects of common/mutual interest or of priority corridors or areas

The Crete conference suggested to consider the relevant Pan-European transport infrastructure in a scheme of three layers ( see insert)

While layer one is mainly giving guidelines for transport planners based on commonly accepted network outlines of the UN-ECE, layer two and three provide for tools in order to select investment priorities.

Layer 2 is based in part on the TEM and TER networks and a number of assumptions:

*Firstly:* every participating country in Central and Eastern Europe should be touched by at least one corridor;

*Secondly:* corridors should only be included if they are economically viable and if there is a realistic perspective of financing for their development to an appropriate level by the year 2010;

*Thirdly:* the corridors chosen should be consistent with a network concept thus reinforcing their individual viability.

### **Selection criteria for layer 3**

The **mandatory selection criterion for priority projects** for the benefit of Pan-European transport should be those which contribute to implement the Pan-European transport corridors and areas. Projects should be regarded to contribute to the implementation of the Pan-European transport corridors and areas which cover

- \* the necessary and economically viable physical infrastructure of corridors and areas according to their action plans
- \* the necessary infrastructure for the intelligent use of transport systems
- \* fostering new or appropriate technologies including rolling stock where it helps to promote the Common transport policy (e.g. Combined transport support)
- \* improved rolling stock, when it helps to prevent expensive infrastructure investments
- \* required services on the corridors or in the areas for international transport services, in particular at border crossings

*The suggested three layer concept as supported by the declaration of the second Pan-European Transport Conference, Crete 14-16 March 1994, can broadly be described as follows:*

**Layer 1: The long term perspective for Pan-European infrastructure development of common interest, as reflected in the international instruments AGR, AGC, AGTC developed under the auspices of the UNECE. No time horizon is set for the achievement of the networks laid down in those instruments.**

**Layer 2: The medium term priorities of common interest up to 2010. For the European Union this is the Trans-European Transport Network as adopted by Council and European Parliament in July 1996. For Central and Eastern Europe, these are a number of priority corridors covering all modes of transport, including mainly the TEM and TER networks, at present 9 corridors are considered as listed at the Crete conference, to be revised on the next conference at Helsinki, June 1997**

**Layer 3: The short term priorities of common interest ( up to five years). Projects must be located on corridors as defined under layer 2 or be identified in the Community guidelines as projects of common interest. For Central and Eastern Europe, on the basis of a list of specific projects presented, these priorities should be determined through the application of agreed operational criteria for the selection of priorities. European Union priorities are set out in the Community guidelines; additional are to be determined in accordance with its internal procedures.**

## **Connecting the Union's transport infrastructure network to its neighbours**

**Towards a cooperative pan-European transport network policy**

Projects develop in two phases: Project preparation and investment: The phase of projects preparation ("the study phase") contains all the necessary steps which lead to its maturity. The study phase requires public support in particular in the early stages of preparation. However, it does not form part of investment schemes as addressed in this communication. It is considered as a mandatory but separate part of the project development.

Investment projects to be selected must meet the following criteria:

**financial** - potential availability of financing must be demonstrated, realistically detailing contributions from own governmental budgets, foreign grants and aid, and private financing. Potential revenues from the operation of the project as well as other incentives for private financing (revenue transfer from existing infrastructures, land grants, etc.) should be evaluated and, where appropriate, plans for the financial viability of a revenue earning entity operating the infrastructure should be prepared.

**economic** - as a general rule, the rate of return should be at least of the order of 10%. Calculation should be based on an economic analysis in accordance with best international standards, taking into account internal and external costs and benefits, such as those from the network effect of the project, increased business attraction, tourist traffic, and environmental effects.

**mature** - ready for immediate implementation; this means that the study phase has been successfully completed and the following issues and steps are solved or completed:

- finalisation of financial arrangements; compliance with possible financing conditions
- coherence with relevant environmental law and policy, including environmental impact assessment and its following legal steps
- land acquisition, expropriations and following legal steps
- necessary procurement
- full project feasibility study according to international state of the art
- this in particular means, that negotiations between the central government and local governments concerned have been finalised

**environmentally sustainable** - be selected with a view to contributing to strike an appropriate modal balance and minimising environmental impact: The direct, indirect, induced and cumulative effects of the project and its alternatives should be studied. This should, amongst others, include the effects on alternate modes of transport resulting from diversion caused by the project, the induced traffic effects and potential network effects of the project as well as the contribution of the project to a balanced infrastructure, allowing for sustainable mobility, causing the least negative environmental effects possible.

**interconnection/ interoperability:** Improve the geographical and technical interconnection and interoperability of international and interregional links: a significant amount of existing or potential international traffic should be demonstrated, taking into account the average international traffic on the network as well as the specific situation of the location of the project (near to border or city, etc.). As a general rule, no project should carry less than 10% international traffic (measured in PCU for roads and equivalent measures for other modes).

Alternatively, a project would be supposed to serve interconnection and interoperability if at least three parties declare their willingness to participate in the financing of the project or a direct continuation thereof.

Common European technical standards such as those laid down in the various UN/ECE agreements and Community instruments, in particular CEN, CENELEC and ETSI, should be respected as necessary to ensure interoperability.

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