

Community financial aid in the field of the trans-European transport and energy networks, 2007-2013

2004/0154(COD) - 14/07/2004 - Legislative proposal

PURPOSE : to revise the general rules for the granting of Community financial aid for trans-European transport and energy networks.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

CONTENT : in a bid to speed up the completion of the trans-European transport and energy networks the European Commission is proposing a dramatic overhaul of the way in which the TEN projects are financed. Finalisation of the TEN projects is deemed vital for the completion of the internal market and for securing the EU's future energy supplies. Successive EU Councils have recognised the importance of implementing, as soon as possible, the trans-European energy and transport networks and have frequently called for more to be done to speed up the process. To give an example of the kind of delays encountered, in 1994 the Essen Council agreed that the TEN priority projects should be completed by the end of 2010. Yet, by the end of 2003 only three of these projects have been completed. Further, less than a quarter of the funding for the essential cross-border projects has been found. In the absence of greater public financial commitment many private operators and national governments are unwilling to commit themselves to geographically challenging cross-border projects. In order to redress this imbalance the Commission is presenting this proposed financial Regulation as an instrument to stimulate the completion of the TEN projects. The Regulation is being proposed within the context of the EU's financial perspective, which covers the period 2007-2013.

The proposed Regulation seeks to award the Commission the same kind of financial responsibility and leverage over the TEN projects that it currently enjoys for planning and management. It proposes doing so by increasing the budget and allowing the Community to authorise aid by up to 50% of the costs of cross-border projects – compared to the 10% of costs it is currently allowed to offer would be investors and governments. In the transport sectors the proposed Regulation provides for a budget of EUR 20.35 billion, whilst the proposed budget for the energy sector would be EUR 340 million. For the energy sector this money would be set aside to co-finance feasibility studies for gas pipelines and electricity interconnections.

In addition to proposing the new budget the Regulation clarifies the general principles for granting aid. Future aid would be dependant on four principles, namely:

- **Simplification:** Decisions on the financial perspective will be based on the Comitology, as opposed to, co-decision procedure, which is currently used. Such a step, it is argued would allow for a more rapid implementation of the files.
- **Conditionality:** Any aid granted would be conditional upon compliance with principles of the common transport and energy policy. Environmentally friendly modes of transport, such as rail freight, would be given precedence.
- **Selection and concentration:** Selection of projects will become more concentrated and the aid granted will focus on a reduced number of projects, which can demonstrate a strong value for the community.

- **Proportionality:** Under this principle the proposed Regulation, in the transport domain, envisages a change in the co-financing rate to a maximum of 30% for certain sections of the priority projects and in exceptional cases for cross-border sections, the rate would be increased to a maximum of 50%. It is stressed, however, that these are maximum rates – and it is expected that the average intervention rate will be significantly lower.

Studies indicate that by 2020 traffic across the EU is expected to double. Inter-connecting the EU with viable links, in both the transport and energy sector, offers a number of huge advantages. Not only is it expected to increase the growth of GDP by up to 0.3% the current focus on environmental solutions could reduce CO2 emission by 4%. Allowing the EU greater financial leverage for the stimulation of private and national involvement, it is hoped, will facilitate the completion of the TEN project sooner, rather than, later.

For further information concerning the financial implications of this measure, please refer to the financial statement.