Trans-European networks: rules for granting financial aid

2001/0226(COD) - 01/10/2003 - Modified legislative proposal

After noting long delays in building the trans-European transport network, particularly the cross-border sections of railway schemes, the Commission proposed amendments to Council Regulation 2236/95/EC (the "TEN Regulation") with the objective of raising the rate for co-funding by the Community from 10 to 20% for cross-border rail projects crossing natural barriers and cross-border connections with the candidate countries. Since the proposal was submitted, however, new factors have added force to the arguments for revision of the TEN Regulation, particularly for the introduction of a higher aid rate for certain projects. This amended proposal is based on the report by the High-Level Group chaired by Mr. Karel Van Miert, leading to the parallel proposal to amend Decision 1692/96/EC on the guidelines for the trans-European transport network. The creation and smooth operation of the trans-European transport network, which became official Community policy 10 years ago, is a key condition for the success of the internal market. However, traffic on the network is continuing to grow apace but unevenly, while at the same time there is growing insistence on sustainable development and an imminent need to incorporate the networks of the future Member States. Transport infrastructure is still poorly used and under-financed, for lack of transparency in the costs paid by users, lack of adequate funds and the absence of a framework conducive to investment. There is a clear mismatch between the stated objectives and the financial resources available to the Community. Implementation of major projects of this kind with the aid of PPP-type mechanisms demands a substantial financial commitment from all parties concerned and, first and foremost, from institutional investors. In this context, the limit of 10% of the total cost set for co-funding by the Community is not sufficient incentive to act as a catalyst during the start-up phase for such major cross-border projects, where the rates of return and even benefit for the Member States remain lower than those offered by other projects on the network. To make it possible to complete the priority projects identified in the new proposal by the set dates, two measures are proposed: - financing based on a multiannual legal commitment giving project promoters a guarantee that they will receive funding from the Community throughout the implementation phase; - an increase in the maximum aid rate for the cross-border sections of certain priority projects to 30% of the total cost. Cross-border connections are essential for exchanges between Member States and for the connectivity along the major trans-European routes. However, national authorities are generally reluctant to finance cross-border sections and budgetary decisions often fall in favour of infrastructure matching the national priorities. There is a parallel proposal to add new projects to Annex III to Decision 1692/96/EC identifying the priority projects. Financial implications: the Commission estimates the total cost of the projects in the new annex III of the Decision, EUR 220 billion, of which EUR 15 billion, over the period 2007 - 2013, would be for the cross-border sections (without, however, counting the aid for the motorways of the sea, since this amount is not known in advance). Consequently, the budgetary impact of raising the funding rate to 30% for these sections (capital forproject development) will still be modest. It would cost the TEN-T budget, year by year, the following amounts if all the cross-border projects identified in the new annex III were granted the maximum rate envisaged: - maximum aid rate 10% - budget impact EUR 220 million - maximum aid rate 20% - budget impact EUR 440 million - maximum aid rate 30% - budget impact EUR 660 million Over the period 2000-2006, the amendment proposed would have no impact on the total budget allocated to the TENs.