

*Growth, competitiveness and employment*

*White Paper follow-up*

Report on Europe  
and the global information society

Interim report on trans-European networks

Progress report on employment

Extracts of the conclusions of the Presidency  
of the Corfu European Council

This document reproduces the trans-European networks report on pages 42-102 and the Presidency conclusions on pages 126-134. The other two reports are available as separate documents on AEI-EU.

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# Trans-European networks

Interim report of the chairman of the group of personal  
representatives of the Heads of State or Government  
to the Corfu European Council  
(Christophersen group)

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# Foreword

The European Council in December 1993 invited the Commission, assisted by a group of personal representatives of the Heads of State or Government, to lead and coordinate the speedy and efficient implementation of trans-European networks in transport and energy.

In presenting, on behalf of the Commission, this interim report on the work of the group of personal representatives, I am pleased first of all to convey my personal conviction that the implementation of trans-European networks is gathering momentum.

The task that the Union and the Member States have undertaken consists first of all in identifying and accelerating projects considered to be of priority importance.

Secondly, the task involves improving conditions for implementation of trans-European networks in the future, i.e. creating better conditions in the regulatory frameworks and for attracting private financing. In this sense, the task has the wider objective of creating structural improvements of a permanent nature.

In both areas, there are prospects for significant progress. While it is true that large infrastructure projects inevitably take a long time to prepare, launch and complete, it can already now be stated that the work initiated simultaneously in Member States, at the Union level in a broad sense and among private operators has clear and positive synergy effects. In this respect, the group has made a significant contribution.

Considerable work still needs to be done, mainly in the fields of the regulatory framework and financing. Furthermore, I would like to emphasize the high priority attached by the group to the question of extending the trans-European networks towards third countries.

The report is intended to give an account of the proceedings of the group up to its last meeting on 3 June 1994, as well as a brief description of the two main areas of importance for the implementation of large infrastructure projects, i.e. the regulatory framework and financing.

The interim report is drawn up on the chairman's responsibility. It has, however, met with broad consensus among the group members.

In addition, the group has drawn up the following common conclusions.

Henning CHRISTOPHERSEN

# Conclusions

In view of the results of the work of the group of personal representatives in identifying priority projects of Community interest and without prejudging the future work of the group in this respect, the European Council is invited to:

- acknowledge the priority status for the European Community of the list of transport projects so far identified by the group (Appendix 2), provided they continue to meet the economic viability and other criteria on which the projects have been selected;
- take note of the list of priority energy projects (Appendix 4) which is still subject to further examination by the group;
- recommend to the Member States that they facilitate the implementation of these projects by accelerating the administrative, regulatory and legal procedures and processes that are at present delaying them.

The group of personal representatives has made significant progress in carrying out the task given to it by the European Council at its meeting in Brussels in December 1993. Its work however is not yet finished. It is therefore further proposed to the European Council to confirm the mandate of the group until the Essen European Council and to instruct it in particular to:

- complete the assessment of the projects and their priority status taking full advantage of the professional input of the EIB in order to establish a final list;
- facilitate and monitor the work of the project seminars convened by the European Commission, with the full involvement of the EIB, gathering, as appropriate, interested parties, both public and private; assist the Commission in appraising the most appropriate ways and means to respond effectively to the problems identified as holding up full realization of individual projects;
- study the problems arising from the regulatory framework, both at Community level and in Member States with a view to overcoming or alleviating administrative obstacles;
- assessing, taking full advantage of EIB expertise and the findings of the project seminars, appropriate forms of financial engineering encouraging the participation of the private sector whenever possible;
- contribute to the assessment of financial needs and instruments according to the timescales and the financing plans of the identified priority projects;
- study further the extension of the TENs to neighbouring countries, in particular to Central and East European countries and the Mediterranean Basin.

# Part one: Work under way

## The political context

The trans-European networks (TENs) have recently received increasing attention. This is reflected in the growing references to them in the conclusions of past European Councils and in the Treaty of European Union, Title XII. In its White Paper 'Growth, Competitiveness, Employment' the Commission proposed the acceleration of the trans-European networks as one of the major development themes. The European Council last December confirmed this approach and took a series of important decisions aimed at accelerating the implementation of the TEN. One of these decisions was to create a special group of personal representatives of Heads of State or Government to assist the Commission in its task as regards transport and energy network infrastructures. The work of this group and the present interim report are to be seen in this general political context.

As a result of the foregoing, the general public, the media, national and regional administrations, interested industrial and financial operators have shown increasing interest in TENs, on the need for their implementation and on the Union's determination to speed up and facilitate their development.

Furthermore, a favourable climate for partnership between Member States, the Union's institutions, the world of business and banking and operators is developing. The Union has made it clear that it welcomes the emergence of partnerships between the private and the public sector in the realization of TENs.

The Commission's White Paper provides the background for the importance of TENs to competitiveness, and hence to growth and employment.

## Recent developments

It is important to stress that the Union is already actively involved in implementing trans-European networks.

The Action Plan agreed at the meeting of the European Council in December includes specific action to be taken by the Union and the Member States on trans-European networks. The overall objective is the speedy completion of the TENs with a view to the efficient operation of the single market; to reinforcing the Union's competitiveness, regional planning and the links with neighbouring countries; and to contributing to faster and safer means of communication for the citizen.

The White Paper also outlines some of the obstacles to the implementation of TENs.

The constraints on the Community's and the Member States' public budgets limit the scope of investment by the public sector.

The long-term investment required in some sectors, particularly in transport infrastructures, necessitates new types of partnerships between private and public financing.

The absence of open and competitive markets is hampering, to differing degrees, the optional use of existing networks and their completion in the interest both of consumers and operators.

The inherent sluggishness of the preparation, planning, authorization and evaluation procedures and regulatory obstacles hamper the implementation of large projects.

Furthermore, experience shows that transnational projects frequently run into difficulties because of conflicting priorities between the countries involved.

Pursuant to Article 129 C of the Treaty and to the conclusions of the December European Council,



the Commission has in the course of the first six months of 1994 tabled proposals for:

- guidelines in the fields of energy and transport;<sup>1</sup>
- high-speed trains interoperability;<sup>2</sup>
- a financial regulation for TENs.<sup>3</sup>

As regards financing, the Union, principally through the European Investment Bank, the Structural Funds and the Cohesion Fund, is contributing in a very substantial way to the development of TENs. Over the past 12 months the Union has also taken the following new initiatives.

1. The Commission has put forward a proposal for financing TENs on the basis of Article 129 C of the Treaty which would make available an estimated ECU 2.4 billion (at current prices) over the 1994-99 period.
2. The Cohesion Fund is formally established and will commit nearly ECU 6.8 billion (at 1992 prices) to TEN-related transport projects in the eligible countries.
3. The revised Regional Fund regulations specify that it can contribute to the financing of

TENs and at this stage it is calculated that it could invest about ECU 1.0 to 1.6 billion yearly in TEN projects in the eligible regions.

4. In the framework of the Edinburgh and Copenhagen initiatives, the EIB has committed almost the full amount of ECU 7 billion available to transport, energy and telecommunications projects of Community interest.

5. The European Investment Fund is operational as from June 1994 and will have a key role to play in facilitating the financing of projects.

6. The European Economic Area financial mechanism is being set up and will help finance TENs in the areas selected for assistance (the mechanism totals ECU 1.5 billion of loans and ECU 0.5 billion in grants for TEN, SME and environment projects).

7. Decision to use part of the PHARE programme resources in particular in conjunction with the EIB, to finance TENs in Central and East European countries.

Thus the Union is already actively involved in preparing to improve transport and energy links across its territory and beyond.

## **Areas where action is called for**

The Heads of State or Government asked the Commission to report to it annually on the progress being made.

In December 1993 the European Council invited the Council of the Union to make full and rapid use of the possibilities offered by Article 129 B of the Treaty to accelerate the implementation of the TENs. The European Council further invited the Council of the Union and the Parliament jointly to speed up the legislative procedures in order to allow the adoption, before 1 July 1994,

of the guidelines which were still outstanding. The group notes that the Commission has tabled the necessary proposals on energy guidelines and multimodal transport guidelines and that they are still under discussion in the Community institutions. The group also notes that the financial regulation required for action on TENs under Article 129 C, proposed by the Commission in March 1994, has not yet been given a first reading by the European Parliament and is being discussed in the framework of the Council.

The European Council also invited the Member States to prepare as quickly as possible the investment programmes to be integrated with the networks.

<sup>1</sup> COM(93) 685 and COM(94) 106 respectively.

<sup>2</sup> COM(94) 107.

<sup>3</sup> COM(94) 62.

## **Aims and working methods of the group**

The group saw its task as primarily one of speeding up and facilitating the work already underway in the Union and Member States, so that clear decisions on priorities could be taken and projects implemented. It is an objective not to duplicate the work being done elsewhere, especially in the Council of the Union but to aim for adding value to the work on implementing TENs. Specifically the group set itself the aim of:

- identifying priority projects and facilitating the subsequent work in specific project seminars
  
- speeding up administrative procedures and eliminating obstacles;
  
- addressing the horizontal obstacles to implementation of TENs in terms of the regulatory framework and finance;
  
- facilitating rapid political agreement on the transport and energy guidelines.

The list of the personal representatives of State or Government is to be found in Appendix 1. In view of the long experience of the European Investment Bank in financing major infrastructure works, Vice-President Christophersen invited the President of the Bank, Sir Brian Unwin, to participate in the group. The Commission also invited the Bank to take part in the various project seminars and other preparatory meetings. Between January and June 1994, the group met six times, once a month, and had discussions with a wide range of representatives of international and private financial organizations and leading industrial figures. Over 40 working papers were submitted.

The group's work has followed a bottom-up approach. This is on the one hand due to, in some cases, the very incomplete information available about proposed priority projects which

in turn is related to the degree of maturity of projects. On the other hand, the bottom-up approach was chosen to provide concrete information about specific obstacles in project implementation, on the basis of which generalizations about horizontal difficulties and remedies could be formed. It was agreed that the decisions should be taken on the basis of the broadest consensus possible, so as to give the group's proposals a maximum impact.

In the bottom-up approach the seminars or workshops on individual projects play a central role. Depending on the specifics of each individual project, they involve in principle all interested partners: national and regional authorities, promoters, financial institutions, industrialists, users, etc. Their task is to identify specific problems of each individual project — financing in general, private-sector investment in particular, non-financial obstacles, especially of a planning and administrative nature, etc. — and propose concrete solutions. The Commission's role is that of the catalyst, first of all in convening the seminars. The EIB participates in these seminars as a matter of course. The findings of the project seminars have an important role to play in enabling the group to address horizontal issues and the Commission and EIB to further study the financing issue.

The group concentrated its attention initially on the transport priority projects because these raised more problems and were relatively more mature than those in the energy sector. It also initiated the examination of the extension of the TENs to neighbouring countries, in particular to Central and Eastern Europe and the Mediterranean Basin.

The group will take into account in its future work the only recently published Report of the group of prominent people from the telecommunications sector, under the chairmanship of Commissioner Bangemann, to the extent that it is of relevance to its own work.

## Transport networks

The group set itself the primary task of identifying priority projects. On the basis of criteria worked out with the EIB (see below), the group agreed on a list of projects set out in Appendix 2 deserving further detailed examination. The European Council is asked to acknowledge the priority status for the European Community of the list of transport projects so far identified by the group, provided they continue to meet the economic viability and other criteria on which the projects have been selected.

The list, it should be added, is not now closed and definitive. As circumstances evolve and as more detailed information becomes available, new projects could be added and existing projects dropped or their ranking changed. The Commission will continue to study and discuss with Member States the projects proposed by the personal representatives but not included in the list. Absence from the current list is not indicative of rejection.

The 34 projects are classified into three groups according to their degree of maturity. The first group consists of projects whose work is either already underway or could begin within two years (i.e., before the end of 1996). The second group comprises projects whose acceleration appears possible so that work could begin in two years time (i.e., as from 1997 onwards). The third and last group lists projects which appear likely to take more time before work can begin or which require further study.

The list as it stands seems to show a bias in favour of certain modes of transport. This is not deliberate. It reflects primarily that work is more advanced in certain transport modes than in others.

Soon after the Corfu European Council the Commission will submit proposals on projects which deal with the implementation of new technologies on a European-wide basis, i.e., those which relate to traffic management and which will improve the use of infrastructure for all modes of transport (land, sea and air):

- road traffic management system;
- air traffic management system;
- vessel traffic management system;
- multimodal positioning system by satellites;
- pilot projects for a railway management system.

A brief description, with accompanying maps, of the 11 projects considered to be the most mature is to be found in Appendix 3. The attention given to these first 11 projects should not, however, detract from the importance of the other priority projects listed.

The list has been drawn up on the basis of the suggested list of priority projects presented in the Commission's White Paper and on the basis of Member States' priorities. All the projects in the list except one figure in the multimodal transport guidelines put forward by the Commission in last April.<sup>1</sup> They have been the subject of detailed discussion with Member States. The one exception concerns the implementation of new advanced transport technologies (project No 33).

On the basis of proposals made by the Commission and in collaboration with the EIB, the group agreed on a set of selection criteria. Projects should:

- be of exceptional scale, bearing in mind the type of project and the relative size of the Member States directly concerned;
- be of common interest, contributing to the Union's transport network or facilitating connection between neighbouring countries;
- pass the test of economic viability, including improvements in the Union's competitiveness and technological performance;
- contribute to important Union objectives such as economic and social cohesion;

<sup>1</sup> COM(94) 106.

- allow scope for private investment;
- be mature, so that the projects can be implemented quickly;
- avoid public financing of infrastructure leading to distortion of competition contrary to the common interest;

- comply with the Union's legislation regarding the protection of the environment.

The Commission has already begun to organize project seminars, or at least preparatory meetings, on the priority projects, beginning with those in the most mature subgroup.

## Energy networks

On the basis of working papers, agreed selection criteria, and of the information gathered in the project seminars, the group has drawn up a list of eight priority projects which need to be examined further (see Appendix 4 for the list and Appendix 5 for the description of the projects and accompanying maps). The European Council is asked to take note of these priority projects.

In proposing this list the group is highlighting projects needing special attention. The Commission recalls that there are also other projects which are important and mature and whose implementation is underway or which are less mature and whose commissioning is only foreseen towards the turn of the century or even later. The group has not attempted to identify these other projects. The group underlined that energy projects are usually financed by the sector itself without much help from public finance.

The strategic importance of developing interconnections between energy networks and completing them where they are missing is justified by the degree of their contribution to:

- security of energy supply;
- competitiveness of the economy;
- economic and social cohesion;
- the external relations dimension;
- the development of the internal energy market through the liberalization of the conditions of access to existing and new networks.

The Treaty, with its new Title XII, and the White Paper, with its list of over 60 projects which will be needed in the Union in order to meet increased demand for natural gas and increased exchanges of electricity in the coming ten years have confirmed this strategic importance.

The Council of Ministers at its meeting of 25 May 1994 reached political agreement on the Guidelines<sup>1</sup> for the development of energy networks. It is anticipated that the Energy Ministers will be able to adopt a common position on these Guidelines at their next meeting, after receiving the opinion of the European Parliament (co-decision procedure) and having finalized the list of projects of common interest.

The nature of the energy networks and the problems they are facing are in some respects different from those in the transport sector. The main differences result from the following factors:

- there is more limited public budgetary involvement in the energy networks than in the transport networks;
- as a rule, customers pay for services so that the energy companies can be sure of their investments and can assume responsibility for them;

- in general, energy companies use their own funds and/or raise money on the capital market (bank loans, bonds, etc.).

In the energy networks, the main obstacles are of an administrative nature:

- delays in authorization procedures (often caused by long debates on environmental issues);

<sup>1</sup> Including the criteria for identifying projects of common interest and the broad lines of Community action in the field of TEN projects in energy.

- insufficient coordination;
- differences in the perception by the countries involved of the priority of a project;
- political risk elements in the case of projects related to certain third countries.

Once these obstacles are overcome, money can normally be raised to pay for the construction of the project. Nevertheless, financing problems do exist in some cases in the energy networks; this may be the case for projects in the peripheral regions of the EU where the profitability of this type of project is less than in the central regions despite their established potential economic viability.

Some personal representatives argued that in the case of energy networks linking the Union with third countries, it was essential to avoid subsidies which would put Community supplies of energy at a competitive disadvantage.

Notwithstanding the differences between the energy and the transport sectors, the method developed by the group for the transport projects

## Environment

The environment is not mentioned in Title XII of the Treaty concerning trans-European networks, and the European Council in December last year did not give the group a specific mandate to discuss it. On the other hand, the European Council did ask the Commission to include the environment in its proposals as regards financing the networks and, in the Commission's view, there are certain similarities between the transport and energy networks and the type of environment project that the Commission's White Paper called for (large-scale, transnational, network dimensions, etc.).

In view of these similarities the Commission thought it would be useful to take the same approach for the environment as had been adopted for transport and energy — identify priority projects, organize project seminars, etc.

(bottom-up analysis, project seminars, etc.) is also applicable to the energy sector.

The group agreed on the following selection criteria in order to find the most suitable projects in accordance with its mandate:

- the objectives, technical definitions and priorities laid down in the Energy guidelines agreed at the 25 May Energy Council;
- positive economic impact, including improvements in the Union's competitiveness and technological performance;
- significant size in relation to the energy market of the country(ies) concerned;
- advanced maturity (work could start within a period of 2 or 3 years);
- encountering administrative or other problems which could delay projects or even jeopardize their implementation.

Project seminars or preparatory meetings on six of the eight priority projects have already taken place and the results so far are encouraging.

To this end the Commission held several informal meetings with the Member States to define selection criteria and identify priority projects which could be put forward. On the basis of this the Commission presented a working paper to the group.

The group recognized the importance of the environmental problems raised and some personal representatives were very much in favour of the group studying environmental projects too. However, in view of the differences of opinion about the interpretation of the European Council's conclusions, it did not enter into a substantive discussion, concluding that it had at present no clear mandate to do so. The environmental aspects of TENs in transport and energy are, however, an integral part of the group's work.

## Extending the networks to third countries

There is a general consensus in the group about the political and economic importance of extending the TENs to neighbouring countries, in particular Central and Eastern Europe and the Mediterranean Basin.

The list of priority projects approved by the group already contains several projects extending the networks beyond the present borders of the Union. Additional proposals will be made later.

The group had preliminary discussions on this subject, *inter alia* on the basis of the conclusions of the Pan-European Transport Conference held in Crete in March 1994. This Conference considered a three layered approach as a starting point for future work on coherent infrastructure development at pan-European level. These three layers consist of:

1. The long term perspective for pan-European development of common interest on the basis of the United Nations conventions on European infrastructure planning for road, rail and combined transport.
2. The priorities of common interest for medium term development (2010). TENs for the Union territory and priority multi-modal corridors towards Central and East European countries (see indicative maps in Appendix 3).
3. The short term priority projects of common interest located on layer 2, expected to be implemented within five years, to be selected on

the basis of agreed operational criteria (only Central and Eastern Europe).

In this context it is worth recalling that the European Council in Copenhagen decided that up to 15% of the PHARE resources could be used for financing transport and energy investment projects. Subject to final approval in the PHARE management committee, up to ECU 100 million have been set aside in the 1994 budget for financing TEN projects in Central and East European countries. This amount will in practice be combined with funding from the EIB, the EBRD and the World Bank. In addition, the European Parliament allotted a proportion of the 1994 budget to facilitate cross-border cooperation, including transport projects. In addition, approximately ECU 50 million has been made available through the 1992-94 PHARE regional transport programmes for the elimination of the most serious border-crossing bottlenecks of international importance in Central and East European countries.

The list of priority projects in the energy sector includes new pipelines linking the Union to two of its main gas suppliers, namely Algeria and Russia, and this along new transit routes. In the electricity sector, the project linking the eastern and western parts of Denmark will furthermore add a supplementary link between the Scandinavian countries and the Continental West European countries.

The group proposes to pursue its study of this question with a view to making more specific recommendations to the Essen European Council.

# Part two: The way ahead

## Problems to be overcome

In the process of identifying priority projects and ways of accelerating them, a number of potential specific problems have emerged which merit further analysis. These fall into two broad categories:

- the regulatory framework
- financing of TENs.

Concerning the regulatory framework for the implementation of infrastructure, the group has noted a number of likely problem areas. However, no analysis has been conducted so far. In the Commission's view, it would also be relevant for the group to consider these issues in the further work.

On the issue of financing, the European Council in December 1993 invited the Ecofin Council, together with the Commission and the EIB, to study this issue. The Commission has, as part of

this work, consulted the group and the EIB. The group, not least by way of providing information on the financing situation for priority projects, has contributed significantly to advancing this analysis. The Commission presented to the Council on 1 June 1994 a communication concerning the financing of trans-European networks.<sup>1</sup> In this, the Commission presents its preliminary assessment of the financing situation for TENs. Within the group different views were expressed about the Commission's assessment.

On the issue of financing as well as on the regulatory framework, further information will have to be collected through a pragmatic bottom-up approach before the importance for the implementation of trans-European networks can be precisely assessed. In the following sections, a brief outline is given of the two areas for the further study.

## Regulatory framework

It should first of all be noted that the group has not yet had the opportunity to address the different problems discussed below, either in a horizontal way or as a result of the findings of the different project seminars. It would, however be relevant for the group to do so in a bottom-up approach in order to achieve more planning certainty and to accelerate the implementation of the projects.

## Transport

A point of departure in analysing this sector would obviously be the Community's own regulatory framework and the general orientations of the existing Community transport policy framework. The common EC transport policy is guided by two main principles which give some general indications in this respect. The first element is the market-economy orientation of

this policy with freedom for the traveller or shipper to choose the form of transport that suits them best. The second leading principle, which is established in Community decisions and policy communications, is that transport infrastructure costs shall be borne by the users to the maximum extent feasible. This principle is looked at as one key element to establish a fair competition between the different transport services which might lead to a shift of market shares between modes. In that context the principle enhances the possibility of private sector commitment by enabling project-related revenues.

The development of trans-European transport infrastructure networks as well as the realization and financing of large-scale projects are guided by a complex set of substantial and procedural

<sup>1</sup> COM(94) 860.

legal rules of the Member States and the Union. These are *inter alia* environmental impact assessment, public tender procedures, technical interoperability and standards, company law and tax law, competition rules, the general context of common transport policy, in particular the attribution of infrastructure and external costs, procedures for financial contributions etc. Further important elements lie in the areas of ownership of land and procedures for voluntary or compulsory acquisition with appropriate compensation, as well as in the field of protection of civil rights with the possibility for citizens to defend themselves in the lawcourts if they feel they are affected by a project. The fulfilment of some of these requirements and procedures may cause unpredictable delays and may therefore add to the costs of a project. The fulfilment of other requirements may also do so if not properly planned or managed.

The setting up of public-private partnerships varies from Member State to Member State. The legal systems of Member States provide for different forms and requirements, which are more or less suitable for the purpose. The possibility of giving concessions to private builders and operators, the various forms of introducing equity capital and the fiscal regimes are also relevant factors here, without mentioning the market regimes for all kinds of banking operations.

Where project seminars reveal that a collective approach at the Community level may accelerate procedures, this could be examined at the level of the group.

## Energy

In the view of the Commission the realization of the trans-European networks in the energy sector is linked to the realization of the internal market in this area and further market liberalization in the sector of electricity and natural gas. It is recalled that the Commission has taken a position in this area through the enactment of competition rules as well as a number of different proposals.

Although the group has not yet had an opportunity to undertake in-depth analyses of these

issues, it is obvious that the physical development of interconnections contributes towards, and is in some cases an important condition for, the effective creation of a more open and competitive energy market, and for reaping the benefits expected from the creation of the internal market generally.

The complexity and, in some cases, slowness of the administrative procedures for obtaining building permissions for energy networks result in many cases in time spans of 5 to 10 years to obtain the necessary authorizations. Environmental considerations are often the central concern in debates on the acceptability of the siting and impact of projects connected with energy networks. Clarification of the rules related to the environmental impact of the projects and of the regulations and standards to be observed could shorten these debates and thereby simplify the authorization procedures.

The Commission's proposals for the Guidelines for trans-European energy networks point out the need for further coordination among Member States in order to tackle difficulties and delays in the implementation of energy networks related to the authorization procedures or the technical aspects applicable to these networks.

Where project seminars reveal that a collective approach at the Community level may accelerate procedures, this could be examined at the level of the group.

## General Treaty competition rules

The above considerations on transport and energy should be read bearing in mind the general Treaty provisions as regards competition.

In cases where joint public and private finance is involved, there may be distortion of competition through the use of state aid, (see Article 92) and, in the area of transport, the specific provisions of Articles 77 and 80. The same rules may however allow public financing in cases of projects of Community or public interest, taking into account Title XII of the Treaty and subject to assessment against the established state aids criteria.



Moreover the implications of, *inter alia*, exclusive rights, cooperation between undertakings and agreements between managers and users of

networks will have to be addressed in relation to Articles 85 and 90 of the Treaty.

## Financing

The Commission has given, in its White Paper and in its recent communication to the Ecofin Council, certain preliminary estimates as regards the total investment needs for TENs over the period to 1999. These figures are indicative. The group has not been in a position to verify these figures since in particular, the work of the project seminars is still underway.

The most mature transport projects listed in Appendix 2 represent only a fraction of these totals. However the latest cost estimates for these projects based on data from the Member States broadly confirm the expectations in the White Paper with respect to them. Although cost estimates are uncertain, total investment costs for the eleven projects (excluding the fixed link) are now, on the basis of information collected by the Commission primarily from the Member States, put at over ECU 68 billion in constant prices over their lifetimes (in most cases up to 2002). This amounts to between ECU 4 and 6 billion a year, depending on the phasing of expenditure. The real financial needs in outturn prices will, of course, be higher; the inflation of costs would raise the total financing requirements.

All the figures are being subjected to further review with Member States and other interested parties through the project seminars currently under way.

The group welcomed the paper circulated by the EIB and in particular the suggestions made in it for adapting the terms of the EIB's lending in ways which would take account of the long-term nature of TENs projects.

The group agreed that designation as a trans-European network priority project should not automatically carry with it eligibility for Community finance. To obtain financing from the Community, projects would have to meet the eligibility criteria laid down in the relevant legislation. In particular, finance from the Com-

munity budget should not be available for projects which can wholly be financed from the capital markets. Equally, absence from the list does not preclude projects from finance from Community sources.

The group has emphasized that all the priority transport and energy projects must satisfy the test of economic viability. They should be expected to produce a positive net benefit to society, taking into account the external costs and benefits as well as the direct ones. They should as far as possible contribute positively to the competitiveness and the technological development of the Community economy. This requirement, however, does not mean that the projects will necessarily be viable in strict financial or commercial terms, i.e. that their revenues will be sufficient to cover all their costs and produce an adequate return to investors without subsidy. Few of the transport projects are likely to satisfy this test of pure financial viability. Estimated financial rates of return for individual projects range from 3 to 8%, which means that some form of public support will be required, unless external costs and indirect benefits can be internalized.

This financial viability is influenced by the several factors:

A characteristic of many of the transport projects is the long, sometimes uncertain and expensive construction period (6 to 7 years or more is not uncommon) without any revenues to meet financing charges. It is much more difficult for private sector investors to get an early return on their investment than from industrial or commercial projects.

These projects may be affected by a geographical asymmetry between the benefits at Community level and the financial costs associated with the externalities, especially the environmental impact, which occur more regionally or locally.

For transfrontier projects, the need to satisfy different national administrative and legal requirements.

On the revenue side, the single most important factor affecting financial viability is uncertainty about traffic forecasts, both the rate of build-up and the level of traffic flows.

## Public/private sector partnerships

The White Paper noted that the major share of the finance needed for TEN investments would be raised at the level of the Member States, either through public budgets, public enterprises or private investors and lenders. Given the nature of the projects in the transport sector, and for the reasons discussed above, the public sector is likely to remain the most important source of finance in transport. In energy and telecommunications, the situation is different. Here the role of the private sector is already established and growing in importance as a result of deregulation, competition and privatization.

Given the constraints on public budgets, which limit the scope for direct financing of investment by the public sector, the rapid realization of the ambitious TEN programmes will, however, demand recourse to different forms of partnership between private and public sectors also in transport. The group, in conformity with the emphasis given by the European Council in Brussels, has stipulated that the priority projects in transport should allow scope for private involvement in a broad sense. Possible forms of involvement are: as a shareholder; as operator of the project under a concession; as a risk-sharing contractor; or as a provider simply of debt finance. One essential requirement is the creation of an appropriate legal and administrative framework for risk-sharing, including where necessary the granting of rights to build, own or operate TEN projects. A second is a closer targeting of public sector support so as specifically to facilitate private sector involvement. Some Member States are already developing approaches such as mini-

mum bids for public budget contributions through tender offers which are intended to minimize the contribution from the public sector and maximize that from the private sector. This targeting must take into account the specific constraints on the supply of private money, taking into consideration that:

most private investors have a shorter time-horizon than the public sector;

the levels of return which they require will be commensurate with risks;

they may be concerned, in the case of physical infrastructure projects, not simply with commercial risk but also 'public policy' risk (changes in legislation or future public investment decisions which affect viability).

## Public sector budgets

As far as grant support is concerned, Member States themselves will provide the vast bulk of the necessary funding. For the 10 (excluding Øresund) most mature projects in transport, according to Member States current investment plans, this seems likely to amount to ECU 15 to 20 billion (or between one-quarter and one-third of total investment cost).

TEN projects in eligible regions are also financed by the ERDF and the Cohesion Fund inasmuch as they contribute to the broader objectives of these instruments in the context of economic and social cohesion. The Cohesion Fund (with respect to environment and transport) and the ERDF (in all the TEN sectors), which have significant financial resources at their disposal in the assisted areas of the Union, can finance both grant aids and technical assistance. Some of the priority energy projects, by virtue of their location in and between assisted areas of the Community and their broader impact on regional development, are likely to qualify for ERDF assistance.

The Community also has a specific and complementary role, alongside the Member States, in giving financial support for TEN projects of common interest. It is recalled that the Commission has already proposed a Financial Regulation,<sup>1</sup> based on Article 129 C of the Treaty. This Article allows the Community to support the financial efforts made by the Member States throughout the Union territory for projects of common interest, particularly through feasibility studies, loan guarantees or interest-rate subsidies. The proposal is intended to permit the most effective use of the limited funds available (on average ECU 400 million a year until 1999) so as to facilitate access by projects of common interest to capital market finance and, where appropriate, to other forms of private sector involvement. It proposes, notably, that promoters should seek the most appropriate lending structure for a project, with the possibility, however, of eligibility for help with interest charges equivalent to up to 10% of the investment cost. It also proposes that the budget could help to meet the costs of underwriting some of the lending arrangements by covering at least a share of the costs of premiums on guarantees. The transport projects, by virtue of their scale and their maturity, are likely to need the greatest recourse to these latter instruments.

## Other Community instruments

The largest single source of finance for the TENs at Community level will be the European Investment Bank. In 1993 alone, it lent, through normal lending and its special temporary lending facility ('Edinburgh facility', some ECU 7.5 billion to projects of Community interest in transport, energy and telecommunications as well as ECU 3.5 billion to major environmental projects. Its role in support of the TEN projects

<sup>1</sup> Ref.: COM(94) 62 final, 2. 3. 1994. Proposal for a Council Regulation laying down general rules for the granting of Community financial aid in the field of trans-European networks.

in general and the priorities in particular, will therefore be of particular significance. The group has been able to benefit from the advice of the EIB on the financing aspects. The Commission welcomes the attention which the Bank is giving to this issue and its commitment to making a major additional effort in support of TENs. Specifically, the EIB has identified six areas where additional financial efforts on its part may be useful in some cases, notably with respect to transport projects, namely:

### (i) Financing of interest during construction

The EIB already finances interest during construction as part of project costs. It may be possible, with recourse to appropriate funding arrangements, for the Bank also to offer lower rates during construction, recouping the shortfall through capitalization of interest to be repaid over the life of a loan. Such a facility could provide a useful complement to the availability of interest subsidies from the TEN budget-line in reducing the debt service burden in the early stages of projects.

### (ii) Extended grace periods for capital repayment

TEN projects also often need to have an extended capital grace period because of the absence of revenues during construction and the slow build-up of positive cash flow after operations begin. The EIB already offers such facilities in some cases and it has in the past provided 'bullet' loans, where capital is repaid in one lump sum at the end of the life of the loan. The Bank is prepared to consider extending this formula more widely to TEN projects.

### (iii) Provision of very long maturities

This is a further mechanism intended to minimize the amount of project cash flow which has to be devoted to debt repayment in the early years. The EIB is prepared to provide maturities in excess of 20 years where this is suitable.

**(iv) Fixing loan rates in advance of drawdown**

Advance funding enables project promoters to protect themselves against any increases in interest rates that may occur between the establishment of borrowing facilities and the time that the borrowed funds are needed to finance construction or other costs. The EIB is prepared to establish such facilities where formal commitments have been made to implement the project and where there is a framework agreement between the EIB and the promoter that the funds raised for the promoter's benefit will be duly drawn down.

**(v) Cofinancing of project debt**

Many banks are prepared to provide construction finance but do not wish to be tied into the project and take revenue risk over a long period. They therefore wish to have arrangements to take them out of the project when it is complete. The EIB is willing to consider structures provided that a framework agreement to this effect has been put in place from the outset as an integral part of the financing arrangements for the project.

**(vi) Framework credit agreements**

In the case of suitable projects, the EIB will be prepared to enter at an early stage into a framework credit agreement under which it will undertake to provide a substantial part of the finance required, provided that the project promoter meets certain commitments. The amount will obviously vary with circumstances. Disbursements under framework agreements are made through open-rate contracts which give the promoter the possibility, without commitments fees, to draw upon the agreed line of credit at the rate of interest prevailing on capital markets at the time of drawdown (as distinct from the time of initial commitment).

In addition to these specific financing arrangements which should help to attract other sources of finance, the Bank has also offered to play a role in helping to structure the contractual and financing arrangements for priority TEN projects, in collaboration with the promoter and its advisers, the Member States, the Commission and other parties. The EIB's role would be quite specifically to help to devise ways to limit the construction and financing costs and risks of the project.

A further important contribution to facilitating access by these projects to capital market finance should also come from the European Investment Fund, which will be inaugurated in June. The EIF will work with the private sector and with public/private partnerships in helping to allocate and manage risks. The EIF is intended to be a key cofinancing partner with the EIB and other financial institutions in the financing of TENs and SMEs, within the financial ceilings set by its Statute and operating on the basis of proper commercial principles. The EIF should encourage and facilitate various forms of project finance, where debt is backed essentially by cash-flow. This should in time draw institutional investors into these projects. It should also be able to operate closely as a partner with Community budgetary and financial instruments, facilitating their involvement in joint private-public operations. It would be possible, for example, to envisage a TEN financed partly with an EIB loan, partly an EIF guarantee (as on a third party loan), partly with a contribution from the TEN budget line to the EIF premium.

The European Council in December 1993 invited the Ecofin, together with the Commission and the EIB, to study the question of the financing of TENs. The European Council laid emphasis on the objective for the Community of mobilizing larger amounts of private finance for these projects by reducing their financial risks.

# Appendices

## Appendix 1

### List of the personal representatives of the Heads of State or Government

- B Mr. J. Smets  
Chef de Cabinet du Premier Ministre pour la Cellule économique et sociale
- D Mr. G. Haller  
Staatssekretär im Bundesministerium für Finanzen
- DK Mr. J. Thomsen  
Departementchef i Oekonomiministeriet
- GR Mr. L. Nikolaou  
Permanent Adviser to the Prime Minister
- E Mr. J. A. Zaragoza  
Secretario de Estado de Política Territorial y Obras Públicas
- F Mr. P. de Boissieu  
Représentant Permanent de la France auprès de l'Union Européenne
- IRL Mr. J. Loughrey  
The Secretary, Department of Transport, Energy and Communications
- I Mr. A. Minuto Rizzo  
Consigliere diplomatico del Ministro del bilancio e della programmazione economica
- L Mr. G. Reinesch  
Commissaire du Gouvernement
- NL Mr. T. Van de Graaf  
Raadadviseur voor Financiële economische aangelegenheden en voor infra-structuur  
Waarnemend Secretaris-Generaal van het Ministerie van Algemene Zaken
- P Mr. J. Peneda  
Deputato da Assembleia da Republica
- UK Mr. G. Fitchew  
Head of European Secretariat of the Cabinet Office

\* \* \*

Sir Brian Unwin, President of the EIB, also took part in the work of the group.

## Appendix 2

## List of transport priority projects

## 1. Work already begun or to begin within 2 years

- |    |  |        |
|----|--|--------|
| 1. | <i>High-speed train/combined transport north-south</i>                     | I/A/D  |
|    | Brenner axis Verona — Munich — Nuremberg — Erfurt — Halle/Leipzig — Berlin |        |
| 2. | <i>High-speed train (Paris →) Brussels — Cologne — Amsterdam — London</i>  |        |
|    | The following sections of the project are included                         |        |
|    | Belgium: F/B border — Brussels — Liège — B/D border;                       | B      |
|    | Brussels — B/NL border   |        |
|    | United Kingdom: London — Channel Tunnel access                             | UK     |
|    | Netherlands: B/NL border — Rotterdam — Amsterdam                           | NL     |
|    | Germany: (Aachen →) <sup>1</sup> Cologne — Rhine/Main                      | D      |
| 3. | <i>High-speed train south</i>  |        |
|    | Madrid — Barcelona — Perpignan   | E/(F)  |
|    | Madrid — Vitoria — Dax   | E/(F)  |
| 4. | <i>High-speed train east</i>   |        |
|    | The following sections of the project are included <sup>2</sup>            |        |
|    | Paris — Metz — Strasbourg — Appenweier                                     |        |
|    | (— Karlsruhe)  | F/D    |
|    | with junctions to Metz — Saarbrücken — Mannheim                            | F/D    |
|    | and Metz — Luxembourg  | F/L    |
| 5. | <i>Betuwe line: Combined transport/conventional rail</i>                   | NL/D   |
|    | Rotterdam — NL/D border (— Rhine/Ruhr) <sup>1</sup>                        |        |
| 6. | <i>High-speed train/combined transport France — Italy</i>                  |        |
|    | Lyons — Turin  | F/I    |
| 7. | <i>Motorway Patras — Greek/Bulgarian border/</i>                           | GR     |
|    | together with the West-East motorway corridor:                             |        |
|    | <i>Via Egnatia</i>   |        |
|    | <i>Igoumenitsa — Thessaloniki — Alexandroupolis</i>                        |        |
| 8. | <i>Motorway Lisbon — Valladolid</i>  | P/E    |
| 9. | <i>Cork — Dublin — Belfast — Larne — Stranraer rail link</i>               | IRL/UK |

<sup>1</sup> Ongoing construction support already provided at Community level.

<sup>2</sup> The extension to Frankfurt is already under construction; as regards the further extension to Berlin the maturity of the project is not advanced enough.

- |     |  |      |
|-----|--|------|
| 10. | <i>Malpensa airport (Milan)</i>  | I    |
| 11. | <i>Fixed rail/road link between Denmark and Sweden (Øresund fixed link)<sup>1</sup> including Danish access routes</i> | DK/S |

## II. Acceleration possible so that work can begin in about 2 years

- |     |  |          |
|-----|--|----------|
| 12. | <i>Combined transport up to now projects identified in France, Germany, Italy, Belgium, Portugal and Spain</i> | EU-wide  |
| 13. | <i>Motorway Nuremberg — Prague</i>   | D/(Cz)   |
| 14. | <i>Motorway Berlin — Warsaw (— Moscow) in parallel with: High-speed train link Berlin — Warsaw (— Moscow)</i>  | D/(Pol)  |
| 15. | <i>Motorway Dresden — Prague</i>   | D/(Cz)   |
| 16. | <i>Ireland/United Kingdom/Benelux road link</i>  | UK/(IRL) |
| 17. | <i>Spata airport</i>   | GR       |
| 18. | <i>Berlin airport</i>  | D        |
| 19. | <i>Autoroute de la Maurienne</i>   | F        |
| 20. | <i>Autoroute Marateca — Elvas</i>  | P        |
| 21. | <i>High-speed train in Denmark</i>   | DK       |

## III. Projects which need to be examined further

- |     |  |      |
|-----|--|------|
| 22. | <i>Fehmarn Belt: fixed link between Denmark and Germany</i>                  | DK/D |
| 23. | <i>Motorway Bari — Otranto</i>   | I    |
| 24. | <i>Canal Rhine — Rhone</i>   | F    |
| 25. | <i>Canal Seine — Schelde</i>   | F    |
| 26. | <i>Canal Elbe — Oder</i>   | D    |
| 27. | <i>Danube upgrading between Straubing and Vilshofen</i>                      | D    |
| 28. | <i>High-speed train Randstad — Rhine/Ruhr Amsterdam — Arnhem (— Cologne)</i> | NL   |
| 29. | <i>Road corridor Valencia — Zaragoza — Somport</i>                           | E    |
| 30. | <i>High-speed train Turin — Venice — Trieste</i>                             | I    |
| 31. | <i>High-speed train (Brenner →) Milan — Rome — Naples</i>                    | I    |
| 32. | <i>Trans Apennine highway Bologna — Florence</i>                             | I    |
| 33. | <i>Magnetic levitation train: Transrapid</i>                                 | D    |
| 34. | <i>High-speed train connection Luxembourg — Brussels</i>                     | B/L  |

<sup>1</sup> Subject to approval by the Swedish government.

## *Europe-wide projects*

With regard to the projects which deal with the implementation of new technologies on a European-wide basis, i.e. those which relate to traffic management and which will improve the use of infrastructure for all modes of transport (land, sea, air), the Commission will submit the appropriate proposals on how to proceed as soon as possible with the following projects;

- road traffic management system,
- air traffic management system,
- vessel traffic management system,
- multimodal positioning system by satellites,
- pilot projects for a railway management system.



## Appendix 3

# Description of the transport priority projects

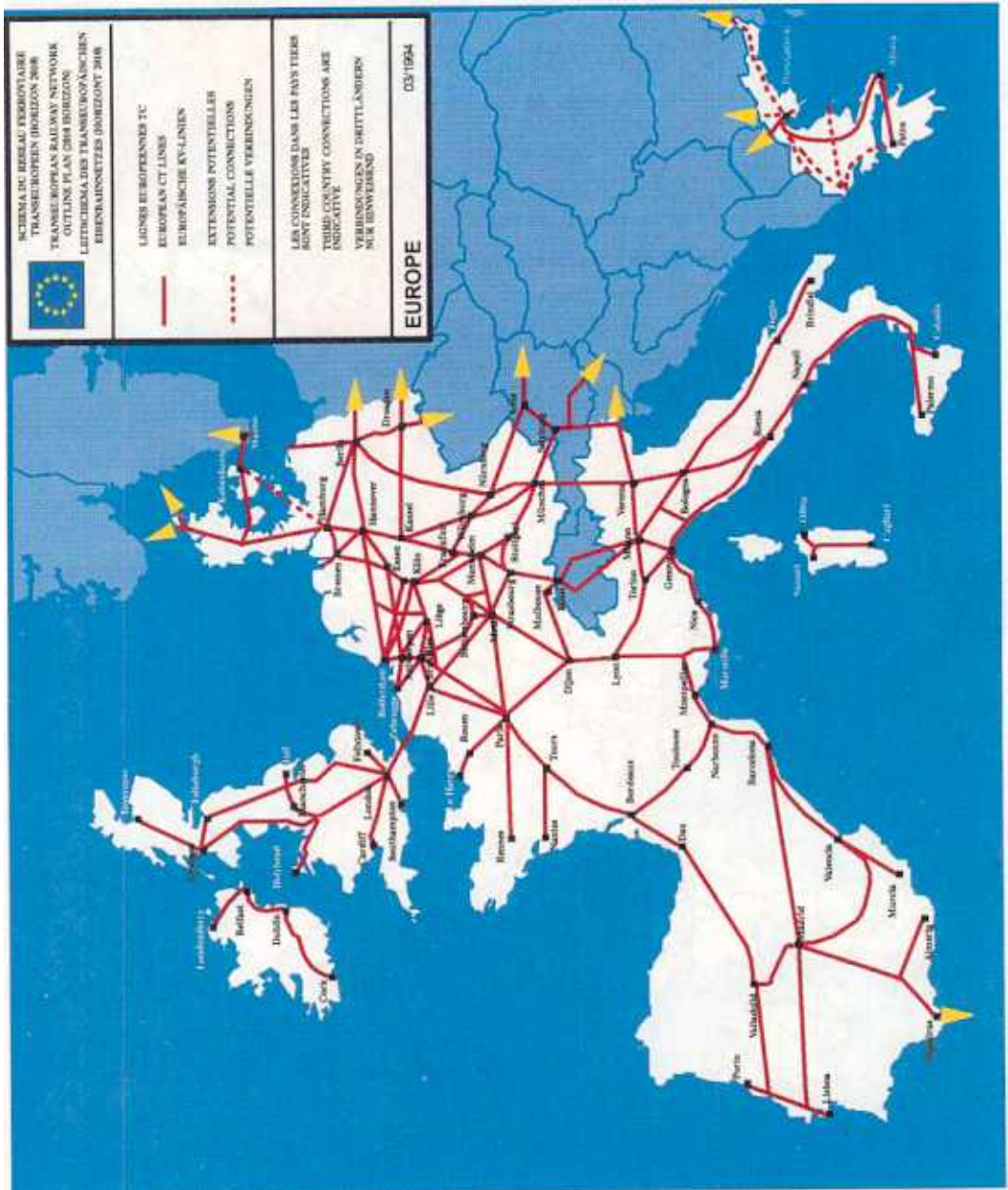
In part A of this appendix an overview is provided on the state of the trans-European transport network's development.

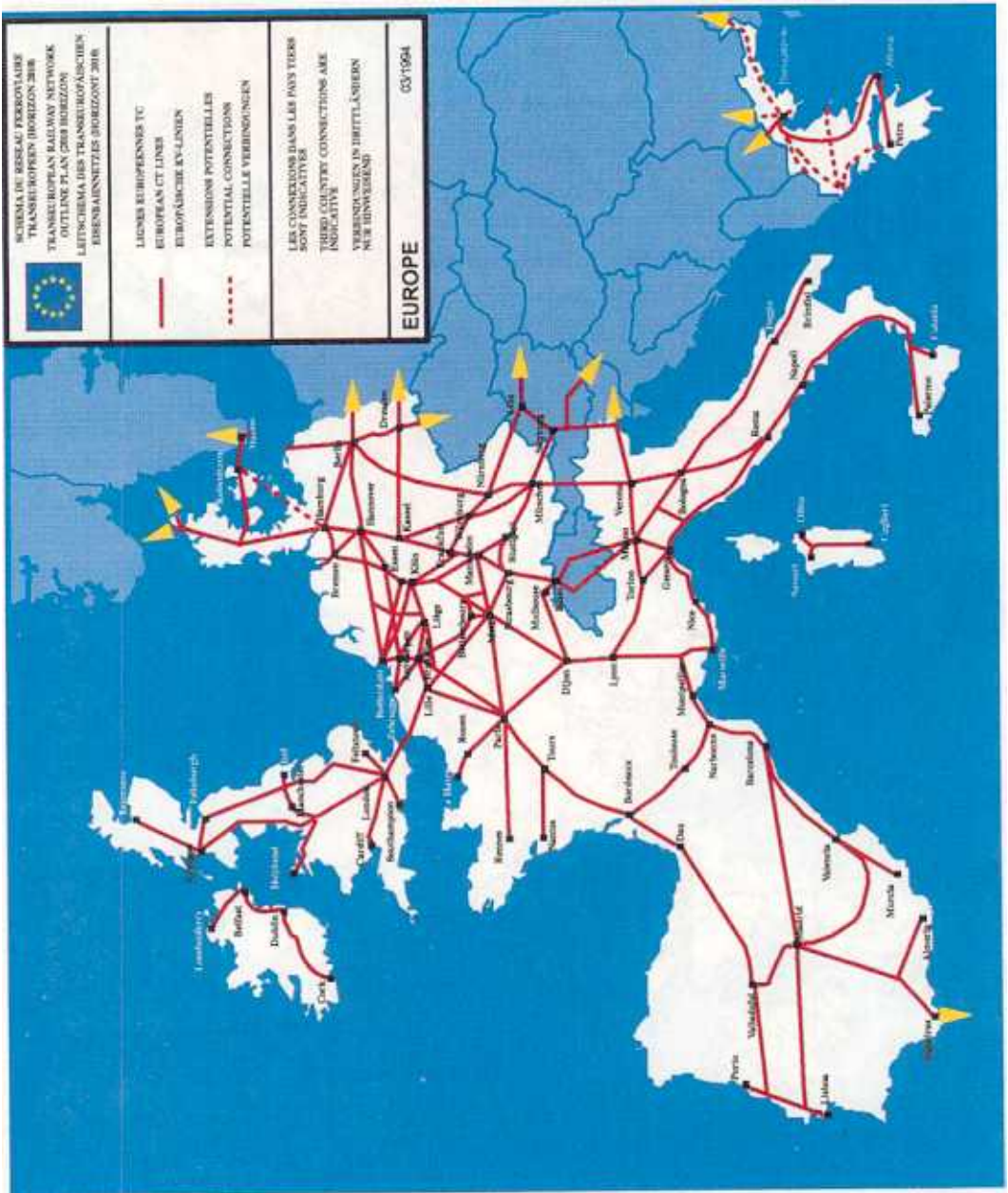
Part B of this appendix deals with the most mature priority projects under examination in the group.

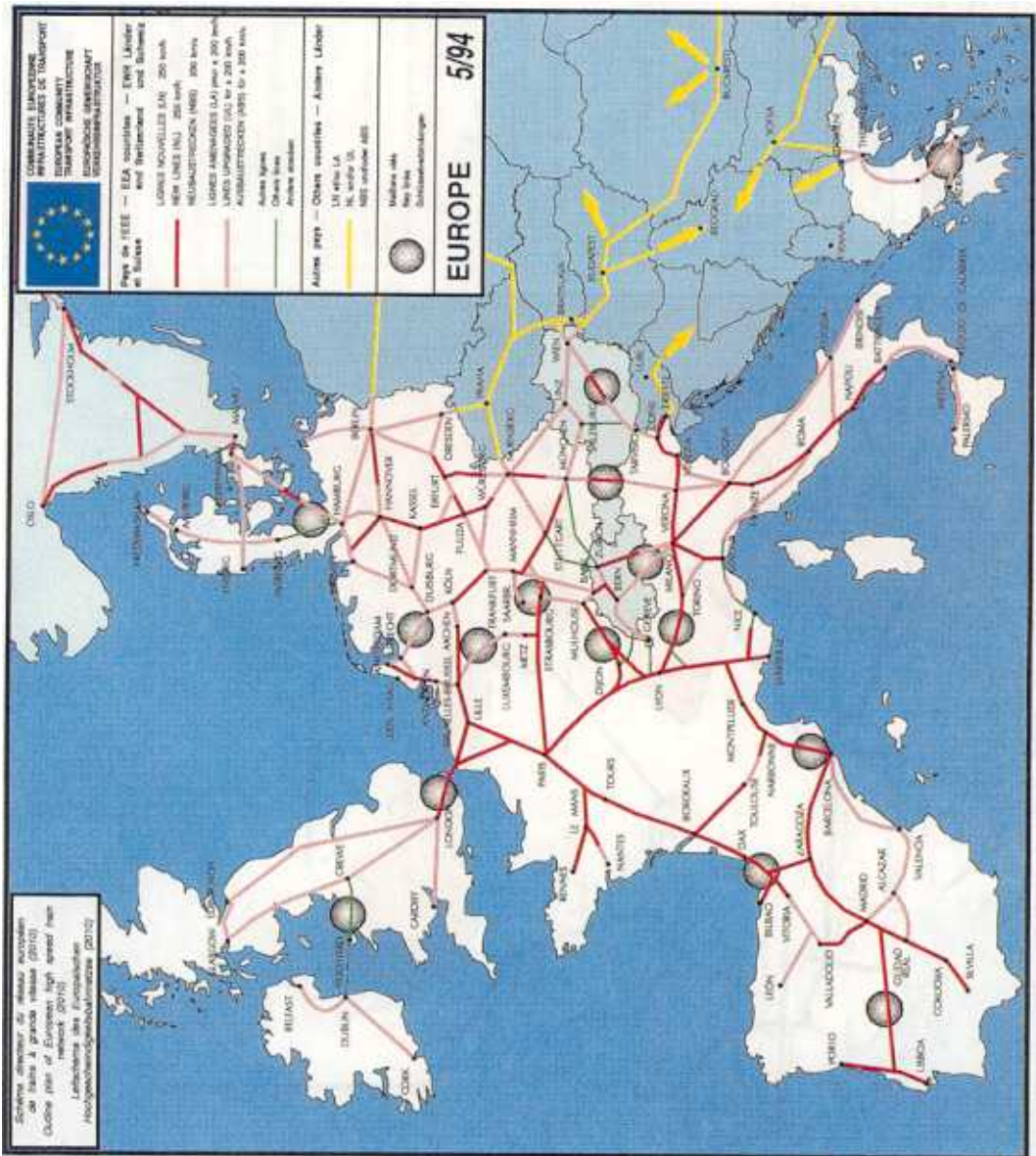
Part C concerns the extension of the networks to the Central and East European countries, drawing together the main elements of the second Pan-European Transport Conference held in Crete in March this year.

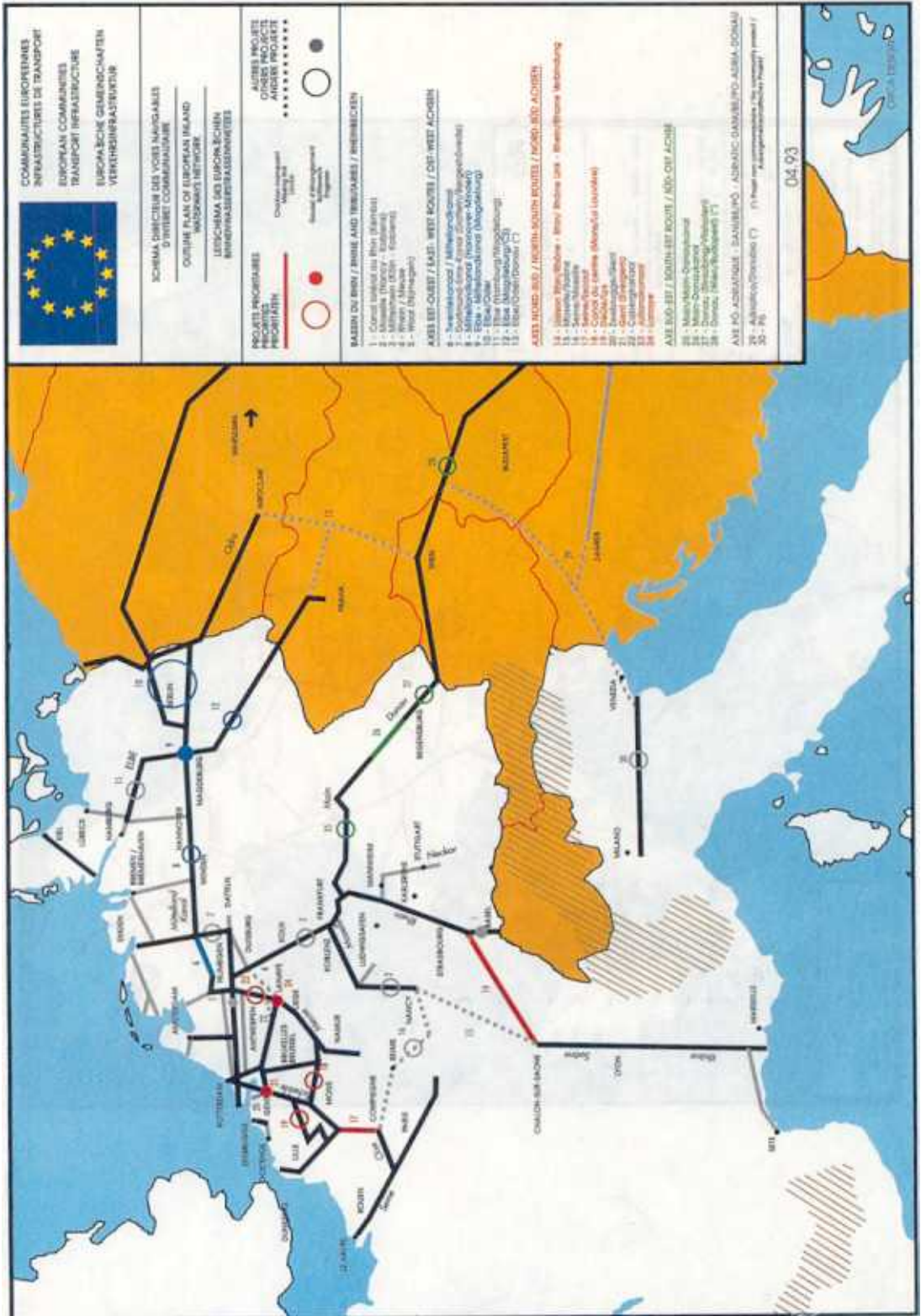
## A. Trans-European transport network

The Commission adopted a proposal for a Council and European Parliament decision on Community guidelines for the development of a trans-European network on 29 March 1994 (COM(94) 106). To summarize the work done so far at Community level, network outline plans for roads, high-speed railways, combined transport and inland waterways are included on the following pages.









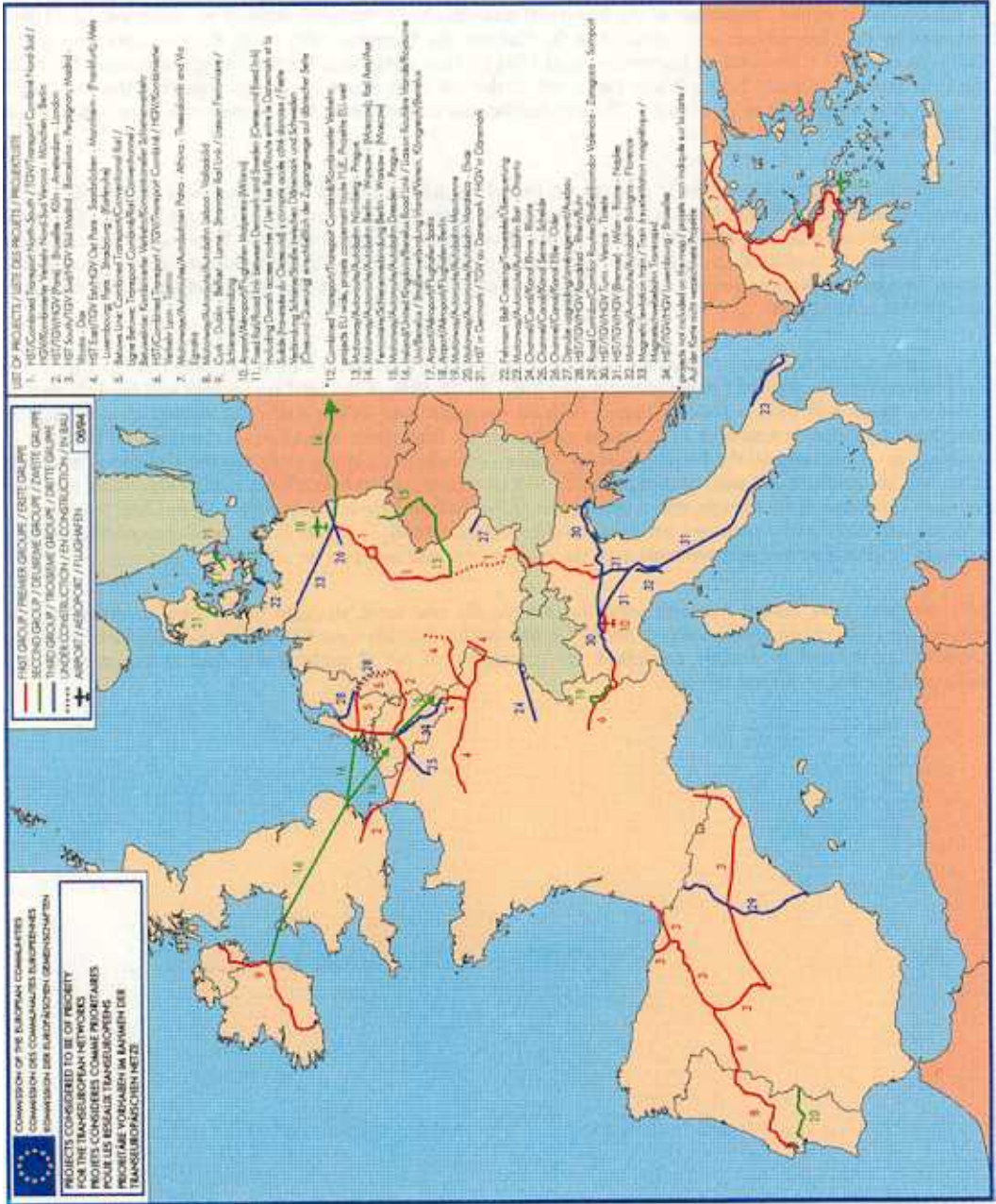
## B. Description of the most mature transport priority projects

Based on a set of criteria outlined in the main paper the Christophersen group has identified 11 projects which are of priority as far as the completion of the integrated trans-European transport network is concerned (guidelines proposed by the Commission and submitted to the Council, the European Parliament, the Economic and Social Committee and the Committee of Regions in April 1994). The starting point for this was the indicative list of 26 transport projects included in the White Paper and further Member States' proposals regarding this list. These projects show a high degree of maturity. Their realization has either already been started or is expected to begin within the next two years.

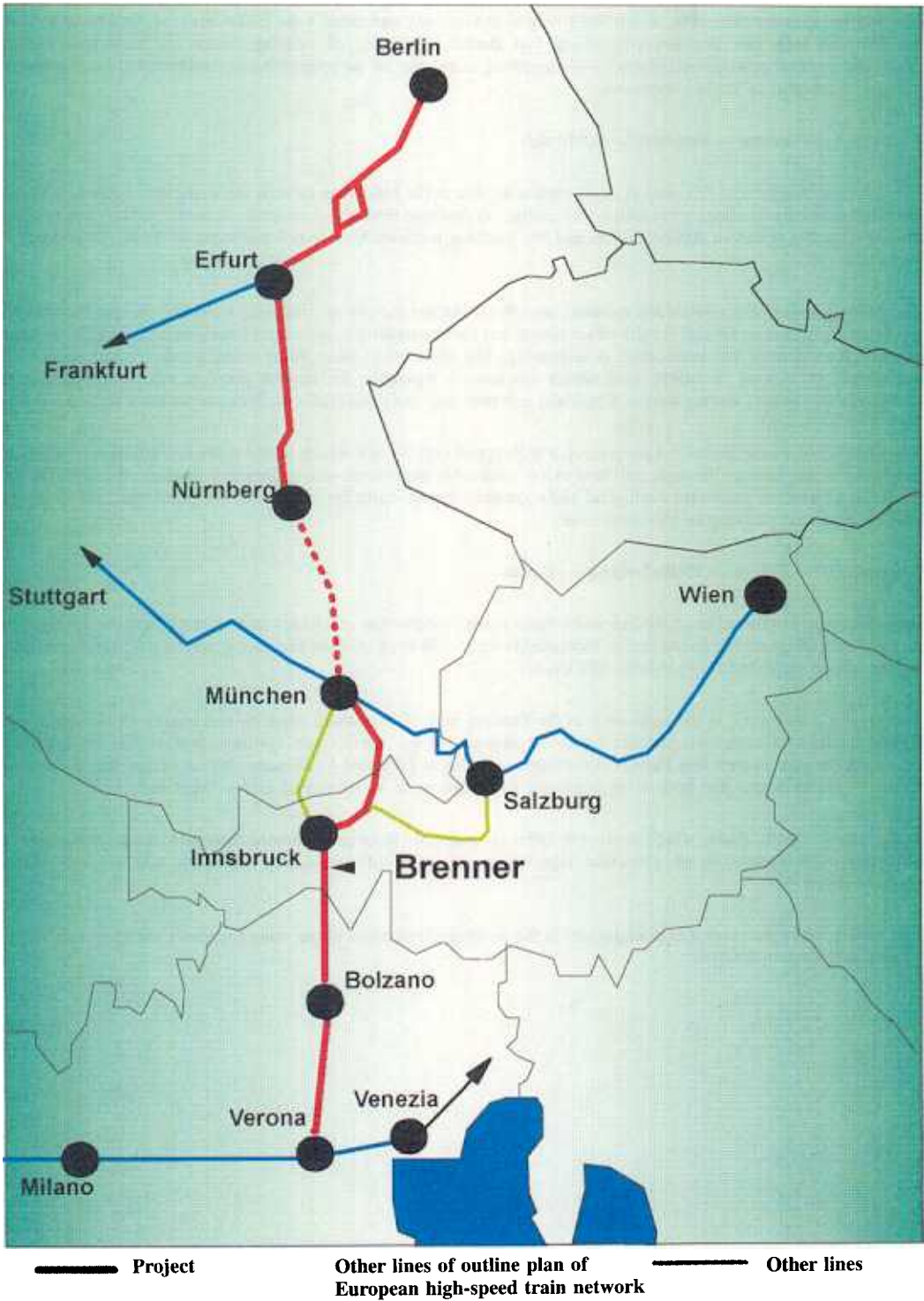
Distinguishing characteristics of the 11 projects are, first of all, their large scale (total investment of about ECU 68.5 billion, excluding the Øresund fixed link) and secondly their great significance as far as the connection of national transport networks is concerned. Eight of them involve from two to five Member States, three are crucial as regards linking islands (Ireland/Northern Ireland) and peripheral countries (Greece, Portugal) with the central areas of the Union. One project plays an important role with respect to exchanges between the Union and the rest of the world, namely Malpensa airport.

The composition of this group of projects shows that, in planning transport infrastructure projects, much attention has been paid to the aspect of environmental protection. In all 88% of the total investment will be dedicated to railways, which will have a positive impact both on passenger and freight traffic: by decisively reducing the travelling time between a number of European capitals (ie the high-speed trains Paris — Brussels — Cologne — Amsterdam — London and the Paris — eastern France — southern Germany projects), the attractiveness of this mode will be increased and some passenger traffic will be encouraged to switch from road or short-haul flights to the more environmentally friendly rail; projects such as the Brenner axis and the Lyons — Turin link, which entail both capacity and quality increases for freight traffic and give further impetus to the development of combined transport, will also have a positive impact on the environment and not least the economy.

Whereas these most mature transport projects form, on the one hand, strategic links which contribute to the economic growth and competitiveness of the Union as a whole, they have, on the other hand, a decisive impact on prosperity in the regions directly concerned; the completion of the 11 projects will lead to the creation of a noticeable number of permanent jobs.



### High-speed train/combined transport north — south including Brenner axis





This project represents an important part of the European north — south high-speed rail/combined transport corridor Berlin — Munich — Roma/Adria — Greece and is part of the trans-European transport network. It contributes to providing access to potential Member States. The project comprises two sections.

The 409 km long Brenner axis, which links Italy with Germany and crosses the EFTA State of Austria, as well as the 550 km long link between Nuremberg and Berlin (upgrading of existing tracks and new construction respectively). The missing link Munich — Nuremberg is not part of the project but is considered to be of national priority; work will be started very soon.

#### **Brenner Axis Verona — Innsbruck — Munich**

The great significance of this project is, in particular, due to the following factors: the transport of goods between Italy and Germany has been permanently increasing; on Austrian territory, the enormous traffic volume has to cross the ecologically sensitive Alpine region and the existing infrastructure is not sufficient to meet environmental considerations.

The heavy goods traffic uses, at the moment, mainly the Alpine motorway; this causes not only severe burdens for the inhabitants concerned and for the environment but also considerable economic losses since the traffic demand exceeds the capacity and congestion is increasing. The alternative offer, transporting goods by rail, is not yet sufficiently developed. A rolling road, which has been in operation for several years, is not attractive enough (relatively low speed, waiting time at terminals) and thus does not contribute to a decisive switch from road to rail.

The completion of the Brenner-Axis project, a high-speed railway line which includes the construction of a 55 km long base tunnel through the Alps, will lead to a considerable improvement in quality and capacity of rail traffic and by doing so have an important ecological and economic impact. Both for freight and for passenger traffic, choice will be improved (halving of travelling time).

#### **Nuremberg — Erfurt — Halle/Leipzig — Berlin**

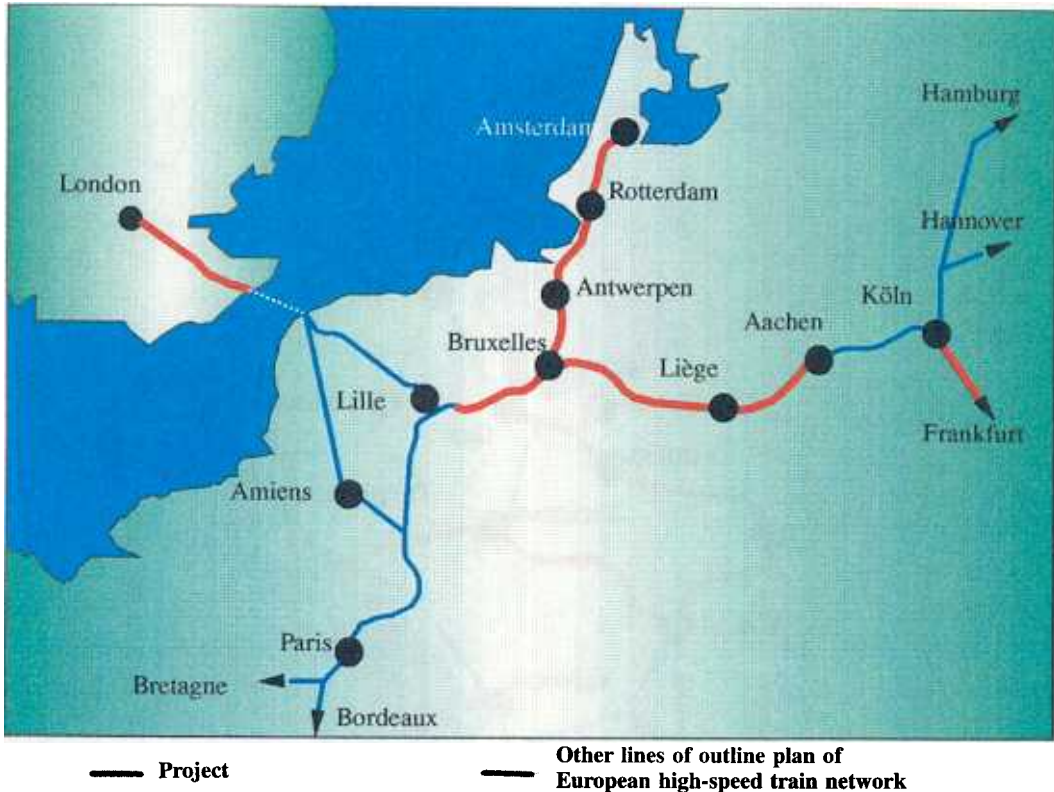
Included in the continuation of the link northwards is the construction of 250 km of new track between Lichtenfels and Halle/Leipzig, so that speed can be increased to up to 250 km/h. On the remaining part of the project, existing tracks will be upgraded for speeds of 200 km/h.

The project contributes, in the same way as the Brenner axis, to increasing capacity and quality of passenger and freight traffic and represents another important element of the north-south corridor. Furthermore in Erfurt, it intersects the east — west link Paris — Frankfurt — Berlin — (Warsaw — Moscow) which means that the section Erfurt — Berlin forms part both of an important European north — south and east — west link.

In the new German *Länder*, which at present suffer considerably from an economic downturn, the improvement of transport infrastructure is of particular significance in view of stimulating investors and creating direct project-related jobs.

The realization of the project is fundamental to the envisaged extension of the trans-European transport network to Central and Eastern Europe.

## High-speed train Paris — Brussels — Cologne Amsterdam London (PBKAL)



One of the most important projects of the Union's transport infrastructure programme is the PBKAL project (total investment: ECU 12.9 billion). As regards the trans-European high-speed railway network (Council Resolution of 17 December 1990), it is the first project upon which the governments concerned have concluded an agreement as to its construction.

The PBKAL project consists of the following sections:

- Channel tunnel access — Lille — Paris/Brussels
- Brussels — Cologne
- Brussels — Amsterdam
- Channel tunnel access — London.

Noticeable reductions in travelling time between European capitals and other important cities can be expected as soon as the project is completed, e.g. Brussels — London: 4 hours 55 minutes reduced to 2 hours 05 minutes; Brussels — Paris: 2 hours 25 minutes reduced to 1 hour 20 minutes; Brussels — Amsterdam: 2 hours 45 minutes reduced to 1 hour 30 minutes; Brussels — Frankfurt: 5 hours 20 minutes reduced to 2 hours 55 minutes. It establishes thus an interesting alternative to inner-EU short-haul flights.

By creating new, high quality links for passenger traffic, the existing conventional railway network will be relieved. This will contribute to improved conditions for freight traffic using the conventional network. The creation of the new links will lead to an increase in rail capacity and a reduction of irregularities. This will make rail transport more attractive and help further to stimulate the switch from rail to road, in particular for long and medium-distance journeys — to the benefit of the environment.

With the entry into operation of the Paris — Lille section and, in particular, of the Channel Tunnel, the first steps in the completion of this large scale European project, connecting important political, commercial and cultural centres, have been taken.

## High-speed train south



— Project

— Other lines of outline plan of European high-speed train network

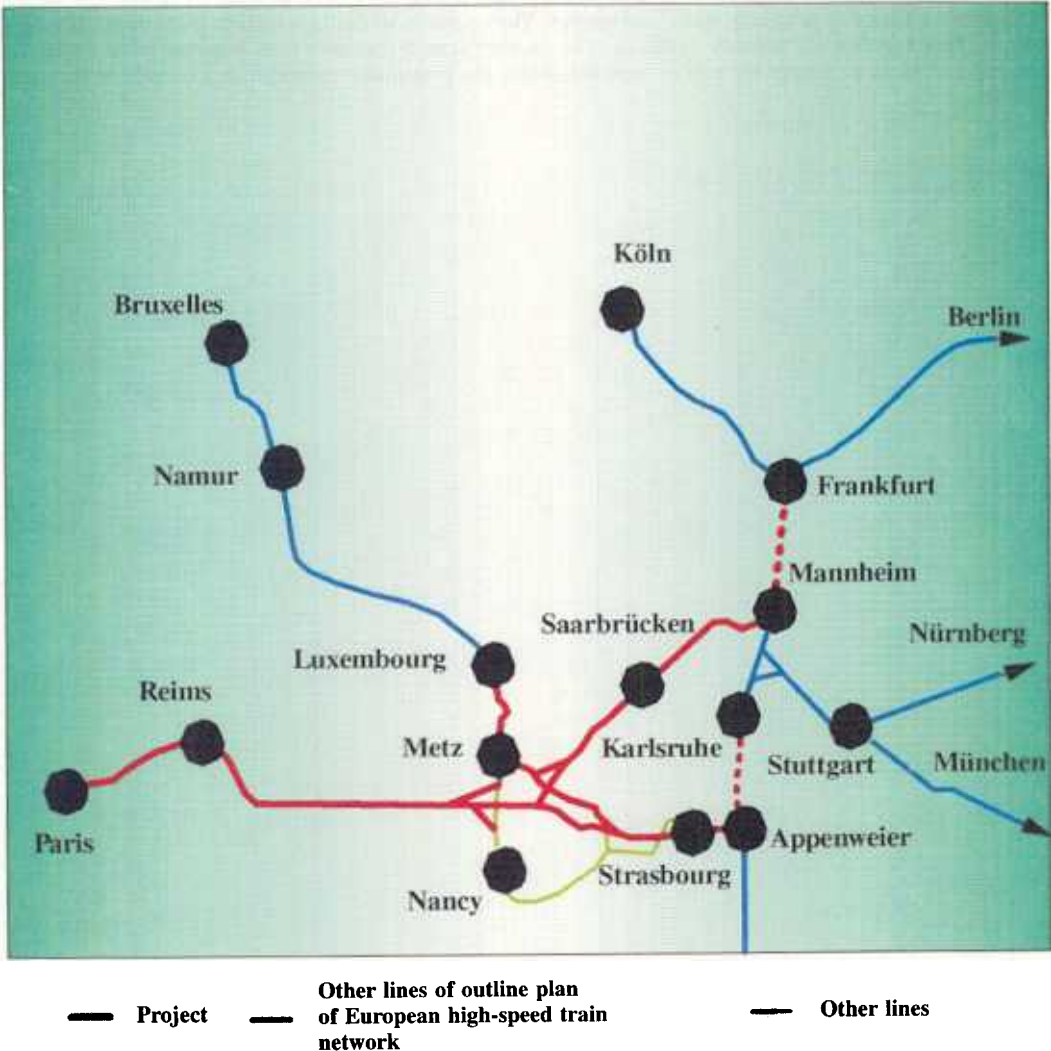
This project consists of two links between the Iberian Peninsula and the French high-speed train network. In its Mediterranean side, it goes from Madrid to Perpignan via Zaragoza and Barcelona. Its Atlantic part makes the connection with the French 'TGV Atlantique' possible (via Valladolid and Vitoria).

The length of the future high-speed railway line amounts to 1 450 km, 1 200 km of which represent the construction of new tracks. Between Valladolid and Vitoria, existing tracks will be upgraded so that speeds of up to 200 km/h can be reached. A particularly difficult section of the new line is the Pyrenees crossing (of the 170 km of new tracks, 40% will go through tunnels).

The most significant benefit of the completion of this project is the extension of European standard gauge to the Spanish network. This reduces track/vehicle related stops at the border crossings, thus contributing to solving interoperability problems.

Both the Atlantic and the Mediterranean parts of the new high-speed railway line will be used for passenger and freight traffic. The realization of the links will lead to noticeable capacity increases (i.e. Madrid — Barcelona by 400%) and reductions in travelling time (i.e. Madrid — Barcelona by 4 hours). The project is therefore of great importance in view of the improvement of commercial relations between Spain and the central part of the Union, and has a positive impact on the economic development in the regions concerned.

## High-speed train east Paris — eastern France — southern Germany



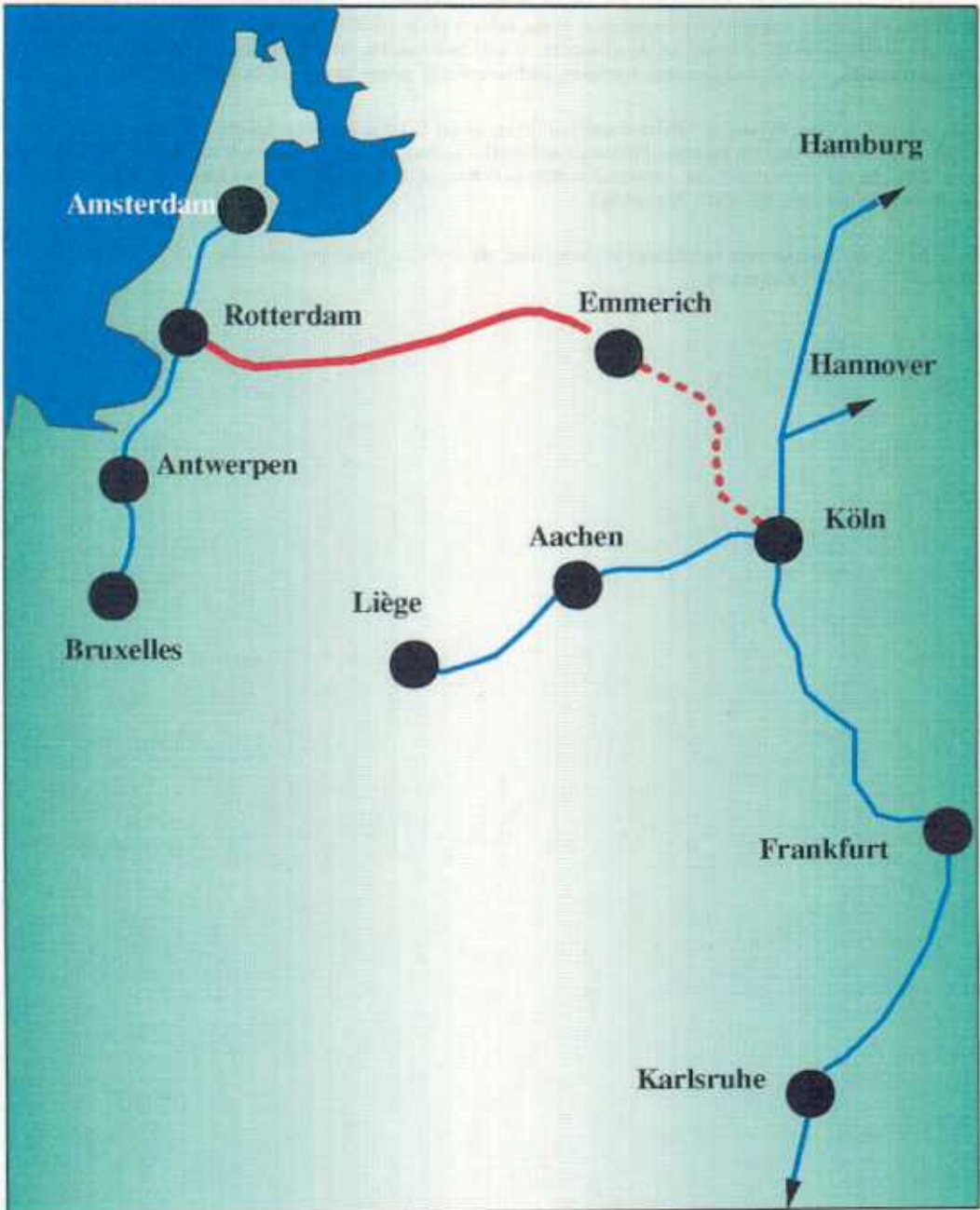
With the introduction of the Paris — eastern France — southern Germany project an important European east — west axis will be completed. It will be of great significance, not only for the connection of such important centres as Paris and Frankfurt (seat of the future European Central Bank) but also for connections between the European institutions as well as with Central and Eastern Europe. In 1992, the French and the German governments concluded an agreement on the implementation of this project.

Included in the project is the construction of a new line from Paris to the eastern border of France where, at two points, the French and German high-speed railway networks are linked with each other (Forbach/Saarbrücken and Strasbourg/Kehl). Furthermore a branch will be constructed which links Metz with Luxembourg. (It is also to be noted that in the context of sub-group III the modernization of the Brussels — Luxembourg line is under study.)

Connecting French and German networks would allow noticeable reductions in travelling time for such important connections as Paris — Munich (8 hours 40 minutes compared to 4 hours 25 minutes) and Paris — Frankfurt (5 hours 55 minutes compared to 3 hours 10 minutes).

In the French part of the project 460 km of new line is to be constructed. The German part includes the two branches F/D border — Saarbrücken — Ludwigshafen/Mannheim (128 km to be upgraded for speeds of up to 200 km/h) and (Strasbourg) — F/D border — Kehl — Appenweier (17 km to be upgraded for speeds of up to 200 km/h). The project should be seen in a larger context: the northern branch is foreseen to be continued via Berlin. The section Mannheim — Frankfurt is already under construction. The extension to Berlin is subject to the national master scheme, further studies are however necessary. The southern branch continues from Appenweier to Karlsruhe, Stuttgart and Munich. Besides the east — west connection the project also envisages an extension to the south (Basle).

## Betuwe line



— Project

— Other lines of outline plan of European combined transport network

----- In construction

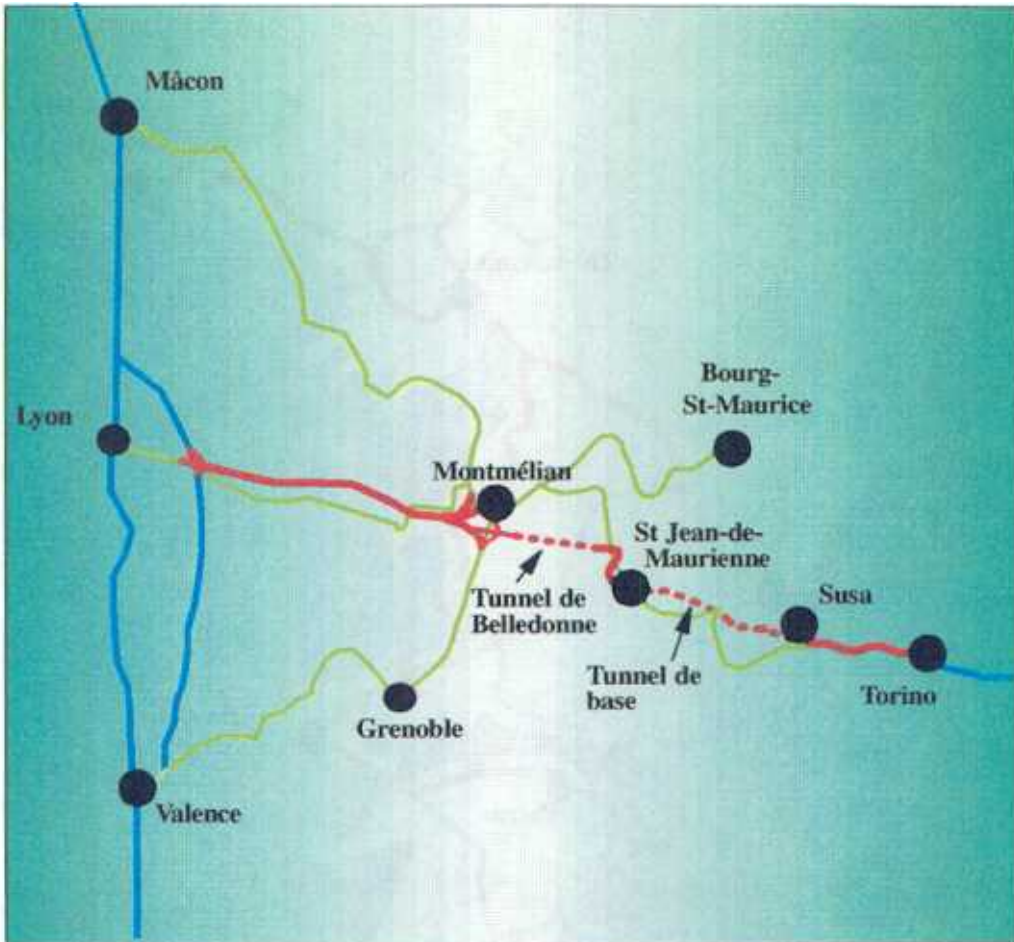
The Betuwe line project consists of the construction of a new 160 km long conventional railway line. It will directly improve the capacity of goods transport and will increase indirectly the capacity for passenger traffic on the existing network in a densely populated area in the northern part of Europe.

This new line connects the German industrial and consumer centres Rhine/Ruhr, Rhine/Main and Rhine/Neckar with the port of Rotterdam (Netherlands). Whereas in this corridor, at present, the users can choose between road and inland waterway transport, the completion of the railway project will bring about a third land transport mode and so contributes to the multimodal development. It will facilitate the switch to more environmentally friendly transport chains, e.g. rail and maritime transport, and take heavy goods traffic off the roads.

The increase in capacity that the Betuwe line will bring about is considerable (capacity: 150 million tonnes per year). It is estimated that the volume of international goods entering the Netherlands will increase by 50% until the year 2010. In this context the east — west direction is dominant, and the new Betuwe Line will account for half of the rail freight capacity of the Netherlands.

In addition, the Betuwe line contributes to completing the combined transport corridor Italy — Switzerland — Germany — Port of Rotterdam.

## High-speed train/combined transport Lyons — Turin



Project
  Other lines of outline plans of European high-speed train network and combined transport network
  Conventional lines

The project is of great European importance since it improves substantially the Alpine crossing rail connection from France to Italy. This line continues in Italy via Milano both to the centre and Greece on the one side, and to Austria and Slovenia on the other. In Lyons two important corridors join the line: the first to and from the UK — Paris and the second to and from the Iberian Peninsula.

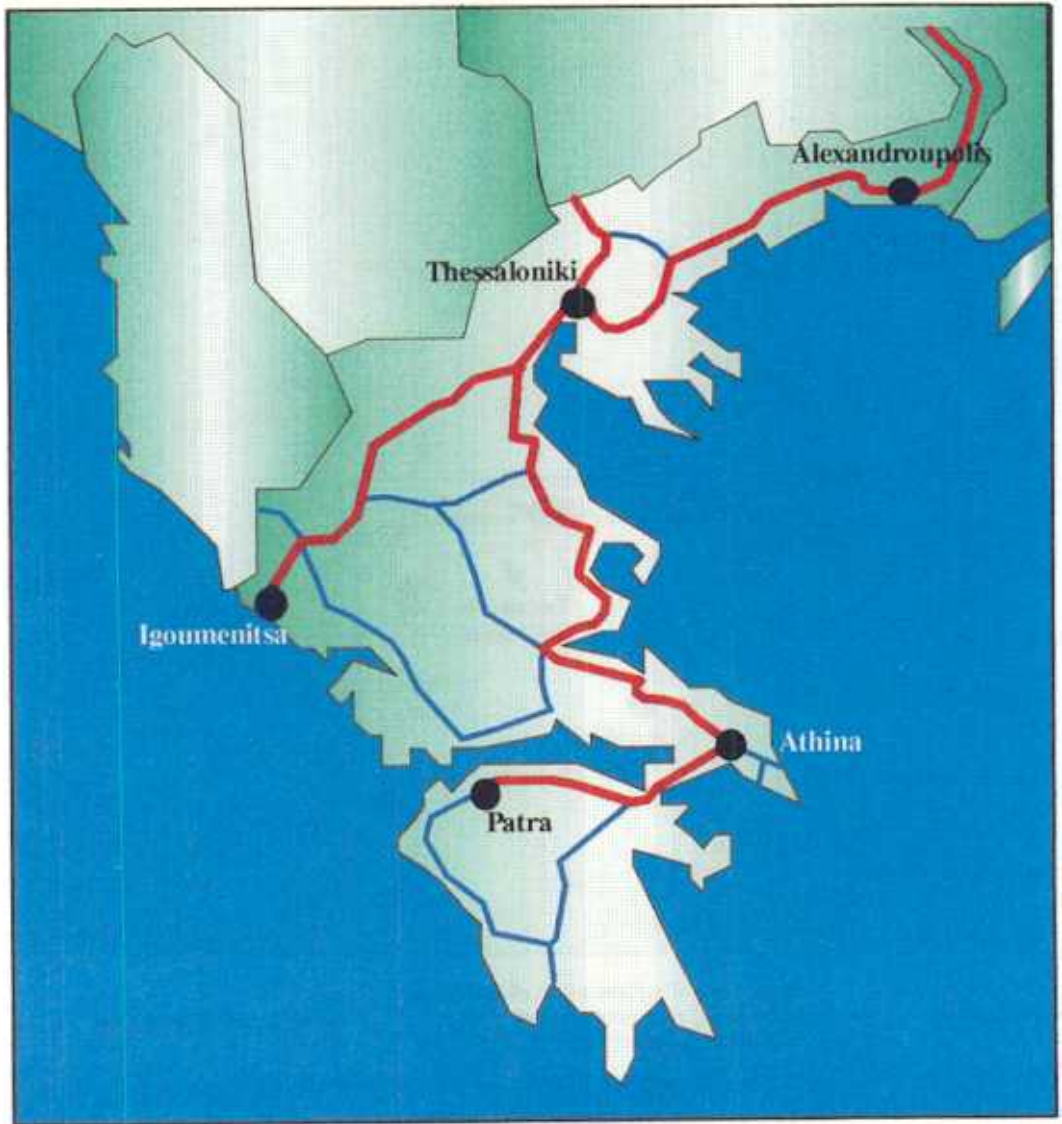
The Lyons — Turin project includes respectively the construction and upgrading of lines of a total length of 250 km. The section through the Alps requires particular technical and financial efforts — a 54 km long base tunnel has to be constructed. The benefits to passenger traffic will be substantial: the travelling time between Barcelona and Milan, after completion of the project, will be 5 hours 25 minutes compared with 12 hours 45 minutes at present.

Because of the high construction cost, the section of the new line between Montmélian and Turin will be used for both passenger and freight traffic. The line belongs to the trans-European combined transport network, and its completion increases the capacity for freight traffic considerably which in turn facilitates commercial exchanges in a wider European context in an environmentally friendly way.

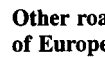
It should be noted that the regions covered by the project, Rhone-Alps, Piedmont and Lombardy, are among the most prosperous in the Union and thus have a real need to improve their transport communications.



## Motorways PATHE and via Egnatia



 Project

 Other roads of outline plan of European road network

The project which will be a backbone for the Greek motorway system is crucial to the transport infrastructure development in Greece. It connects (via branches) the isolated Union member state with all of its neighbours: Albania, Bulgaria, FYROM and Turkey. Via the connection to sea ports, it makes relations with Italy possible (i.e. rolling road Igoumenitsa — Italian ports). The following two sections form the project:

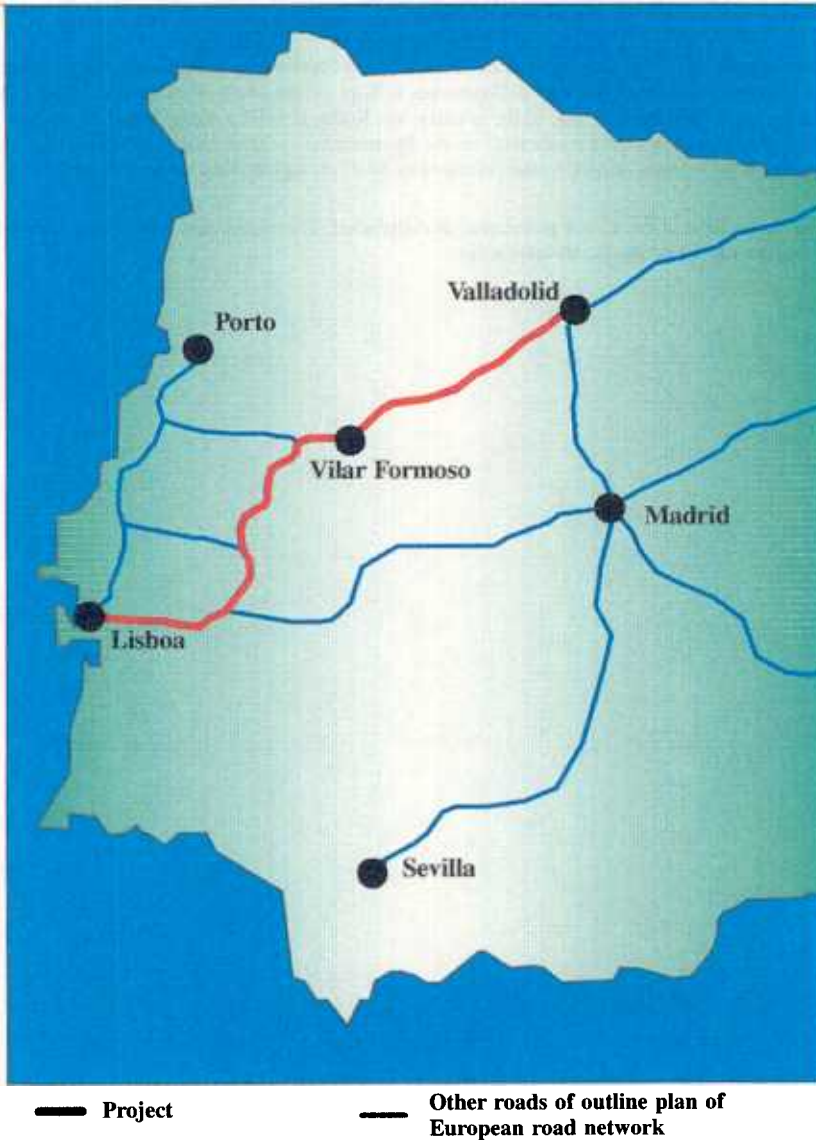
- the Patras — Athens — Thessaloniki — Greek/Bulgarian border motorway (PATHE)
- the Igoumenitsa — Thessaloniki — Alexandroupolis motorway (via Egnatia).

Both sections represent projects of exceptional scale: the new PATHE motorway will be 860 km long; 200 km have already been completed, 100 km are at present under construction. The axis connects the most important Greek cities; it belongs to a corridor which crosses several southern European countries and goes to Germany.

The via Egnatia project involves the construction of 780 km of new motorway; the axis traverses northern Greece, from the port of Igoumenitsa on the west coast of Ionian sea to Kipi (at the Greek/Turkish border) and Ormenio (at the Greek/Bulgarian border) on the east side of the country. Via RoRo, it will be connected to the Italian motorway system. It is planned as a dual two-lane motorway; on the Igoumenitsa — Thessaloniki mountainous section only, for long tunnels and large bridges, initially, one carriageway will be implemented to reduce cost.

Along both axes, about 70% of the Greek population is distributed. The realization of the projects will therefore have a positive impact on the economic development.

## Motorway Lisbon — Valladolid



This project is of great significance in order to link the Portuguese motorway network with the Spanish and French networks. In the regions directly concerned, it will stimulate economic and regional development and by doing so, it contributes to social and economic cohesion within the European Union.

The Lisbon — Valladolid motorway project includes the upgrading and partial realignment of an existing road to motorway standard. The total length of the axis amounts to 460 km. With the completion of the project, a direct and uncongested link between Lisbon — northern Spain and France will be provided and the traffic flow on the alternative road network will be facilitated. The reduction in traffic congestion will bring about positive environmental effects; by improving traffic safety the social costs will be reduced.

Both Portugal and Spain are among the countries which have already gained some experience as regards concessions for motorways. Users could be prepared to pay charges, which will certainly encourage the involvement of the private sector.

## Conventional rail/combined transport Cork — Dublin — Belfast — Larne — Stranraer



— Project

This project complements the 'T-shaped' trans-European north-south rail link Cork — Dublin — Belfast — Larne (ferry links Ireland — Great Britain) — Holyhead — London — Channel Tunnel/Benelux countries. The Cork — Dublin — Belfast — Larne rail axis is the key central spine of the Irish railway network. It is the only cross-border line in the network, provides a crucial transport link between Northern Ireland and Ireland and is vital to the connection with the British network.

The Irish plans for the link include a gradual upgrading of the existing line for a maximum speed of 175 km/h between Cork and Dublin and 145 km/h between Dublin and Belfast. The total length of the project amounts to about 520 km. The line is intended to serve both passenger and freight traffic. Several ferry lines provide the connections, for passenger and freight traffic, with the British rail network.

The completion of the project will establish an interesting alternative to road and air traffic and by doing so contribute to a more environmentally friendly transport system and improve the modal choice.

The Cork — Dublin — Belfast — Larne — Stranraer railway line belongs to the trans-European combined transport network which underlines the objective of encouraging the switch from road to rail in the freight transport sector, especially as far as long distance journeys are concerned.

As regards the further economic development of Ireland, the project plays an important role. Not only during construction but also once the line is completed it will have a noticeable positive effect on the labour market.

## Malpensa airport



Malpensa airport is part of the Milan airport system, located in the northern part of Italy. The existing Malpensa airport is being modernized and extended so that it will become the hub for northern Italy and thus the most significant element of the airport system. The planned rail link between this airport and the city centre will allow

for relatively short journey times. Short-haul flights will continue to be operated from Linate airport which is located closer to the city centre.

The development of the airport will enable the concentration of intercontinental and EU flights in a single airport in northern Italy. It will, thus, contribute to connecting an important commercial and cultural centre of the Union with the rest of the world. The new Malpensa airport will facilitate exchanges between Europe and its partners, which is a vital factor for future economic progress.

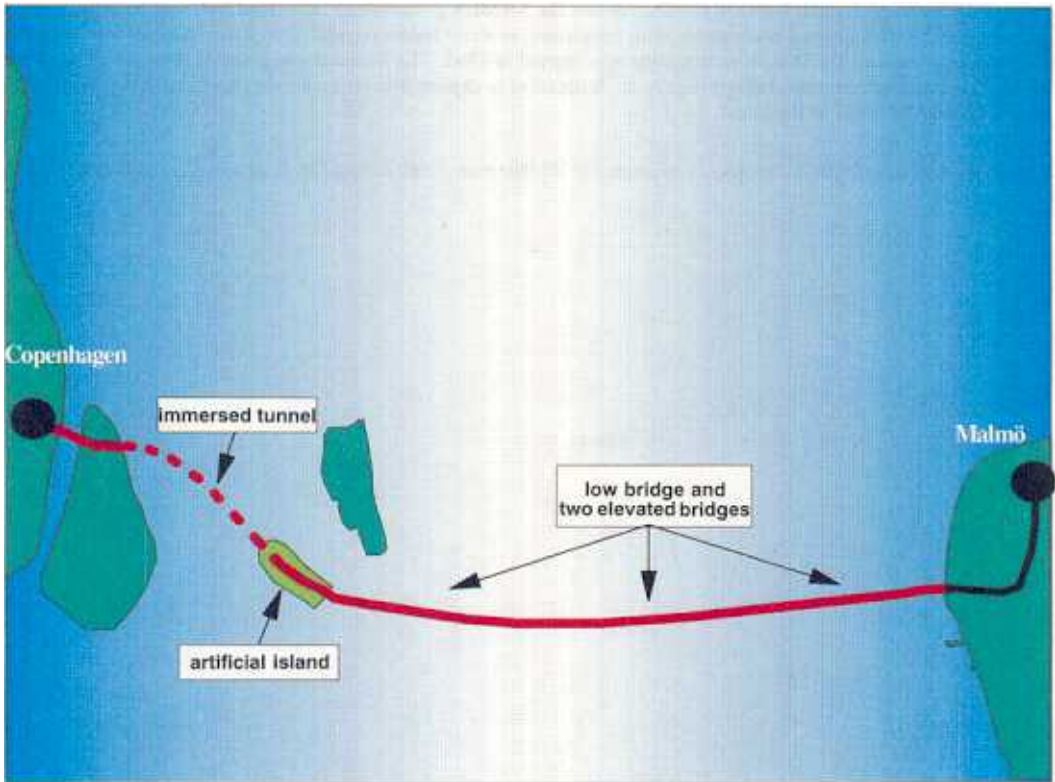
The project is entirely in line with the objectives related to the development of the trans-European transport network: it allows for the interconnection of land (high-speed train, conventional rail, combined transport, road) and air transport modes and, thus, the achievement of highly efficient transport chains for passengers and freight. Malpensa airport is planned to become an important European intermodal terminal.

The location of Malpensa airport, at about 50 km from the city centre, will make it possible better to contain the environmental impact in terms of noise pollution.

The new Malpensa airport will directly create 6 000 permanent jobs; the indirect impact is estimated at another 12 000 to 18 000 jobs.

This demonstrates the great importance of the project for the development of northern Italy.

## Fixed rail/road link between Denmark and Sweden (Øresund) including Danish access route



————— Project

- - - - - Swedish access route

The construction of the first fixed link between Denmark and the potential EU Member State Sweden will create the basis for a considerably improved flow of traffic, especially by train, between these two countries. It will thus contribute towards meeting increasing demands within the freight and passenger sectors as a result of the forthcoming extension of the Union, as regards both quality and capacity.

The project can be divided into two parts: the rail and road access between Copenhagen and the coast, and the Øresund fixed link. It forms not only an important part of the Copenhagen — Malmö link but also an important link between Scandinavia and the continent.

In 1991 the Danish and the Swedish Parliaments had agreed on the realization of this project; its completion foreseen for the year 2000. After entry into operation the new link will lead to a marked reduction in travelling time, when compared with the present crossing by ferry (e.g. 1 hour for cars). In addition, it will provide an important capacity increase; in particular the passenger traffic by rail is expected to increase substantially (by 450%).

The two parts of the project have the following characteristics:

□ *Access on the Danish land side:*

four-lane motorway, 10 km in length,

double-track railway, 12 km in length with approximately 5 km of shunt railway.



*Fixed link over the Øresund*

The fixed link, including double-track railway line and a four-lane motorway, will be approximately 16 km long. It is subdivided into three parts: a 3.8 km long tunnel (near the Danish coast), a 4.2 km long artificial island and a 7.5 km long bridge of which 1.1 km is elevated and 6.4 km is low-level.

According to the agreement between the Danish and the Swedish governments, the fixed link will be built, owned and operated by a bi-national consortium, with both States as share holders (collection of user charges for the road). Construction work on the Danish access route was started in 1993. The Swedish government has not yet finalized the decision procedures concerning the project. A decision is expected to be made very soon so that construction work can start by 1995 at the latest.

The total employment for the project is estimated to 42 000 man-years during the design and construction period.

## C. The extension of trans-European networks to Eastern Europe

Three years after the first Pan-European Transport Conference in Prague in October 1991 a second Conference took place in Crete in March 1994 to reflect the developments so far and to establish a basis for future work. The approach is outlined below.

The Commission has worked on an informal basis with the European Conference of Ministers of Transport (ECMT), the United Nations Economic Commission for Europe (UN/ECE), the countries of Central and Eastern Europe and EFTA and the Member States of the European Union as well as the World Bank, the European Bank for Reconstruction and Development and the European Investment Bank with a view to preparing Indicative Guidelines for the further development of the pan-European transport infrastructure. These would serve the purpose of promoting interconnection and interoperability of networks in Europe by focusing attention on priority transport infrastructure projects of common interest, including maintenance, rehabilitation and border crossing facilitation, thus contributing to the gradual integration of the European continent.

The approach is based on a concept of three layers and has been considered by the Conference as a starting point. The three layers (the second layer is reflected on the attached map) consist of:

- Layer 1: The long term perspective for pan-European development of common interest on the basis of the United Nations conventions on European infrastructure planning for road, rail and combined transport (AGR, AGC, AGTC). No time horizon.
- Layer 2: The priorities of common interest for medium-term development (2010). TENs for the Union territory and priority multimodal corridors towards central and eastern European countries (see attached maps).
- Layer 3: The short term priority projects of common interest located on layer 2, expected to be implemented within 5 years, to be selected on basis of agreed operational criteria (only Central and Eastern Europe).

Based on the above mentioned operational criteria and proposals put forward by Member States directly concerned the following projects will be looked at more closely:

- Berlin — Moscow (road and rail)
- Nuremberg — Prague
- Dresden — Prague
- Hungary Highway M5
- Danube fixed crossing (road and rail).

# DRAFT EUROPEAN RAILWAY NETWORKS

- Non European Union / E.F.T.A. States :  
Railways of the European Agreement  
on main international Railway Lines  
and other main railways (layer 1)

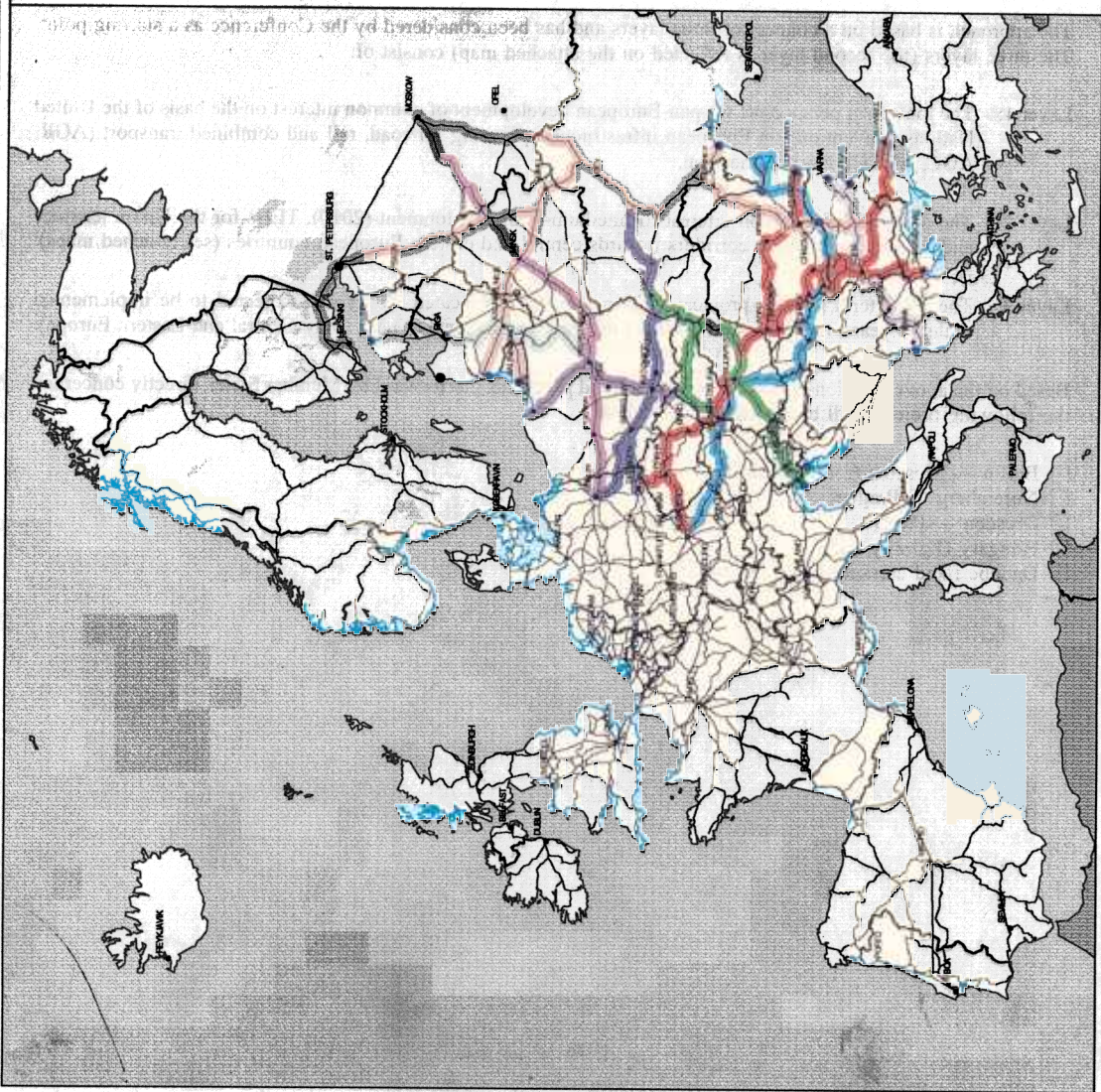
- European Union and E.F.T.A. States :  
Report of ad hoc Group of Commission  
(06 VII, October 1993; layer 2)

## Priority corridors in Central and Eastern Europe Including part of the TER network (layer 2, 2010)

1. Tallinn - Riga - Warszawa
2. Berlin - Warszawa - Minsk - Moscow
3. Berlin/Prague - Wrocław - Łódź - Kiev
4. Berlin/Nuremberg - Paris - Budapest - Constanta/Thessaloniki/Istanbul
5. Thess - Ljubljana - Budapest - Bratislava - Lugdunum - Lyon
6. Götting - Warsaw - Zlín
7. Danube (seawater corridor)
8. Dams - Trieste - Sijeste - Sofia - Varna
9. Helsinki - Kiev/Moscow - Odessa/Kabul/Bukhara - Brevity

Not belonging to corridor

CARTOGRAPHY: EUROSTAT - GISCO PROJECT - 0994



DRAFT

# EUROPEAN ROAD NETWORKS

- E.F.T.A. States : Roads of the European Agreement on main international Traffic Arteries (layer 1)
- Other non European Union States : roads of the European Agreement on main international Traffic arteries and other main roads (layer 1)
- European Union : Council decision 93/625 of 26.10.1993 on the creation of a trans-European road network (layer 2)

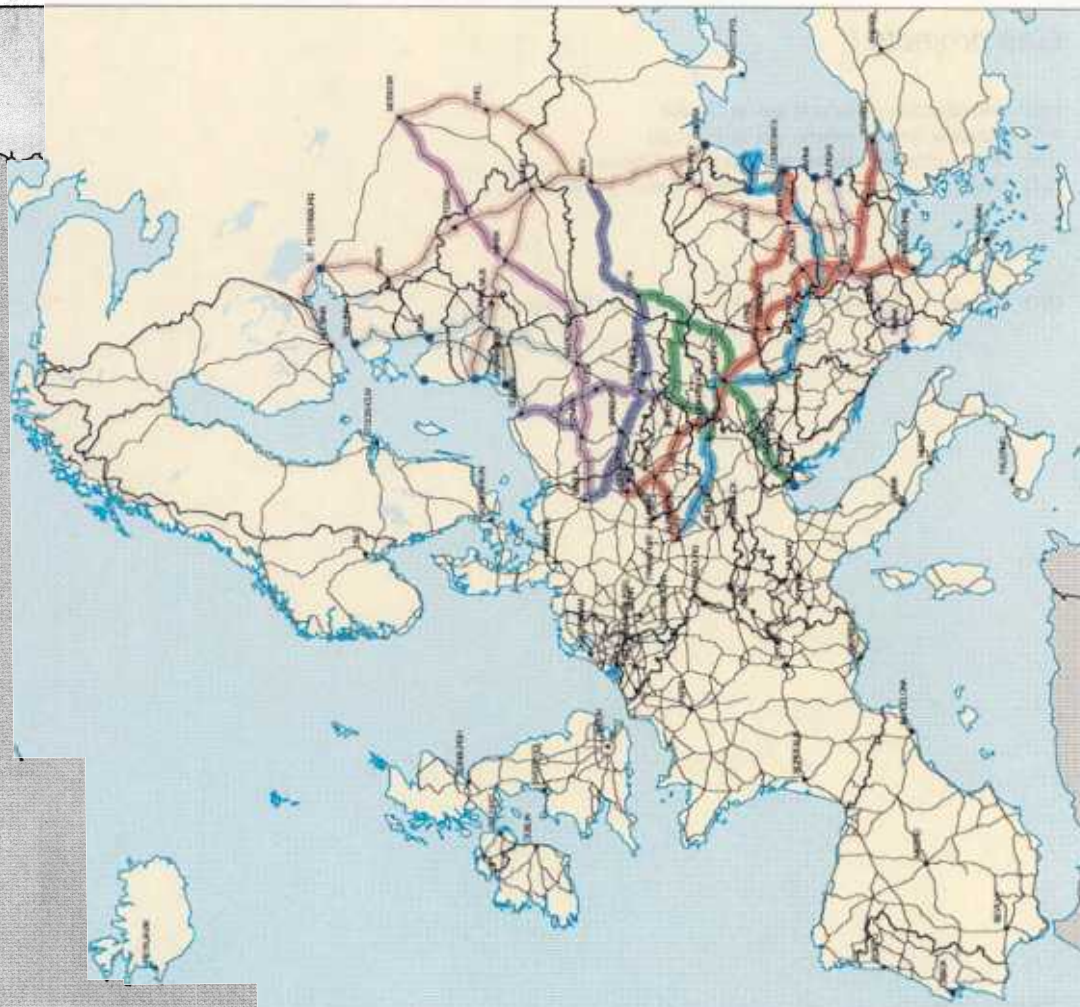
## Priority corridors in Central and Eastern Europe

Including part of the TEM network (layer 2, 2010)

	1. Tallin - Riga - Warsaw
	2. Maastricht - Warsaw - Minsk - Moscow
	3. Bratislava - Warsaw - Linn - San
	4. Berlin - Warsaw - Poznan - Bratislava - Budapest - Timisoara - Bucharest - Sofia
	5. Tallin - Copenhagen - Stockholm - Uppsala - Linn
	6. Warsaw - Poznan - Linn
	7. Warsaw - Poznan - Linn
	8. Tallin - Tallin - Riga - Maastricht - Warsaw
	9. Warsaw - Poznan - Linn - Bratislava - Budapest - Timisoara - Bucharest - Sofia
	10. Warsaw - Poznan - Linn - Bratislava - Budapest - Timisoara - Bucharest - Sofia

 Part belonging to corridor

CARTOGRAPHY: EUROSTAT - OSRD PROJECT - 0004



## Appendix 4

### List of energy projects

The Christophersen group proposes selecting the eight priority projects listed below from the energy network schemes which could be completed in the short or medium-term:

#### *Electricity projects*<sup>1</sup>

- (a4) Greece-Italy interconnection (cable)
- (b6) France-Italy interconnection
- (b10) Spain-Portugal interconnection
- (c2) Cable link between eastern and western Denmark

#### *Gas projects*<sup>1</sup>

- (e6) Introduction of natural gas in Greece
- (e5) Introduction of natural gas in Portugal
- (f6) Interconnection between Portugal and Spain<sup>2</sup>
- (h4) Algeria — Morocco — European Union pipeline

\* \* \*

- (h7) Russia — Belarus — Poland — European Union pipeline<sup>3</sup>

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<sup>1</sup> Same project codes as in the guidelines proposal [COM(93) 685].

<sup>2</sup> Including the introduction of natural gas in the Extremadura and Galicia regions of Spain.

<sup>3</sup> This project should also be shortlisted and studied although it has not yet reached the same stage as the other four gas schemes.

## Appendix 5

**Description of the energy projects***Electricity projects***Underground electricity cable to interconnect Italy and Greece (a4)**

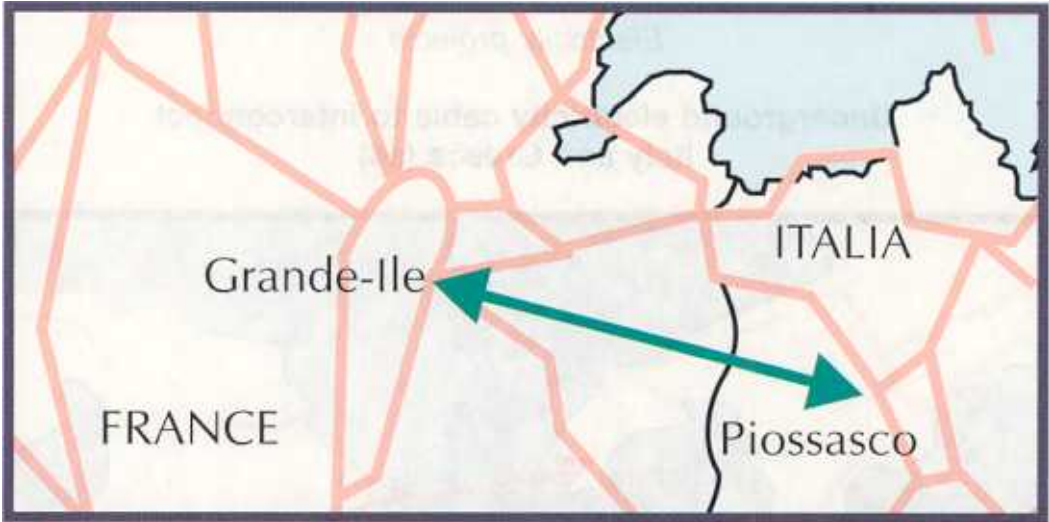
This project is of great strategic importance since it will provide a means of linking the electricity network in Greece and the other Balkan countries (which are currently isolated) to the Italian network and the rest of the interconnected European UCPTE network.

The project will entail laying a 160 km underwater cable at a depth of 1 000 m and constructing two 400 kV direct current overhead lines (45 km in Italy and 110 km in Greece) plus two substations for conversion between direct and alternating current at Galatina (Italy) and Aractos (Greece).

The scheme will cost approximately ECU 300 million, three quarters of which will be for the Italian side and one quarter for the Greek side. The ERDF has already granted aid totalling ECU 35 million as part of the Community's 1989-93 REGEN programme. This scheme could also qualify for support from the Interreg programme for 1994-99. Licensing procedures are in progress and prototype cables are being manufactured. The scheme is scheduled to come into operation by the end of 1997.

Electricity projects

**Interconnection between France and Italy (b6)**



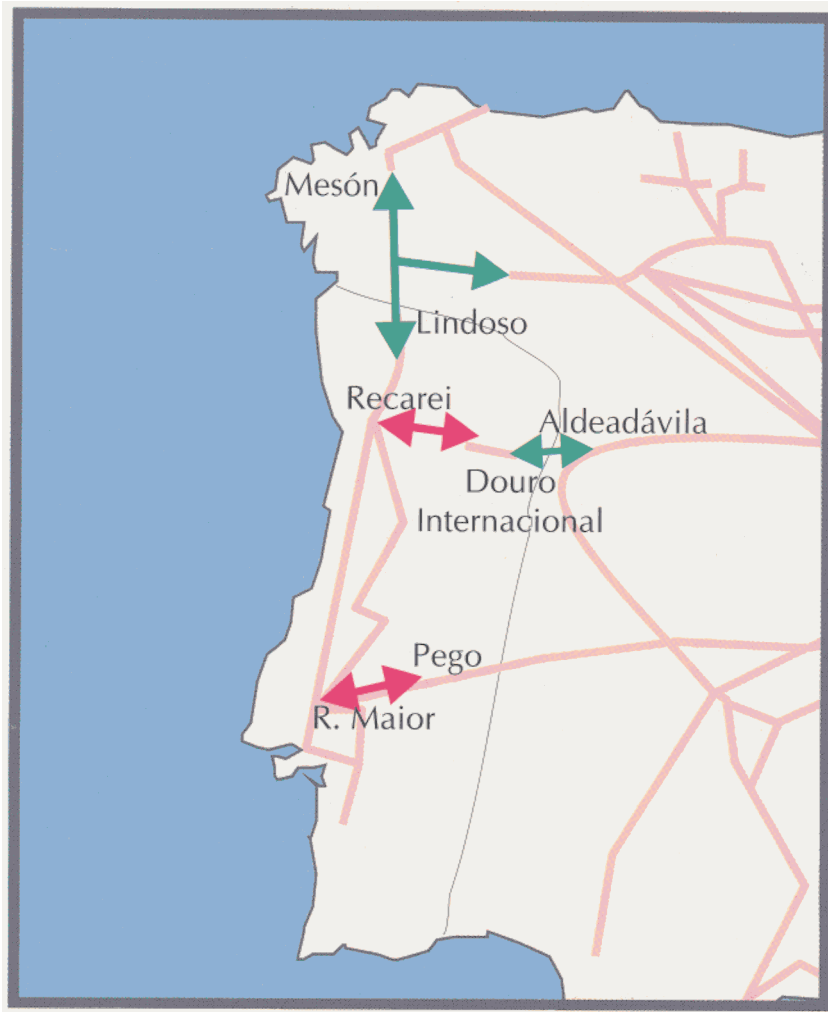
This project is of primordial interest for the two countries concerned. Italy is facing a need to import electricity, while France is keen to find markets for its production.

For this reason, a new 400 kV line is planned between the Grand Ile substation (Haute Savoie) and the Piossasco substation west of Turin, partly following the route of an existing line.

The estimated total cost of the project is between ECU 170 and 190 million. As the scheme is economically and financially viable, funding will pose no problem. Technically the project is ready and could be completed in two or three years. Nevertheless, there have been difficulties in obtaining the licences needed, particularly on the Italian side. These licences will depend on the environmental impact assessments now under way.

## Electricity projects

## Interconnection between Spain and Portugal (b10)



These three high-voltage lines are of great importance to the development of an integrated electricity system for the Iberian Peninsula and subsequent integration thereof into the Mediterranean circuit. In closer detail, the project consists of three interconnections, the first of which is the most important:

- north: Mesón — Cartelle — Lindoso — Recarei (400 kV)
- north-east: Recarei — Douro Internacional — Aldeadávila (400/220 kV)
- centre: Rio Maior — Pego (400 kV).

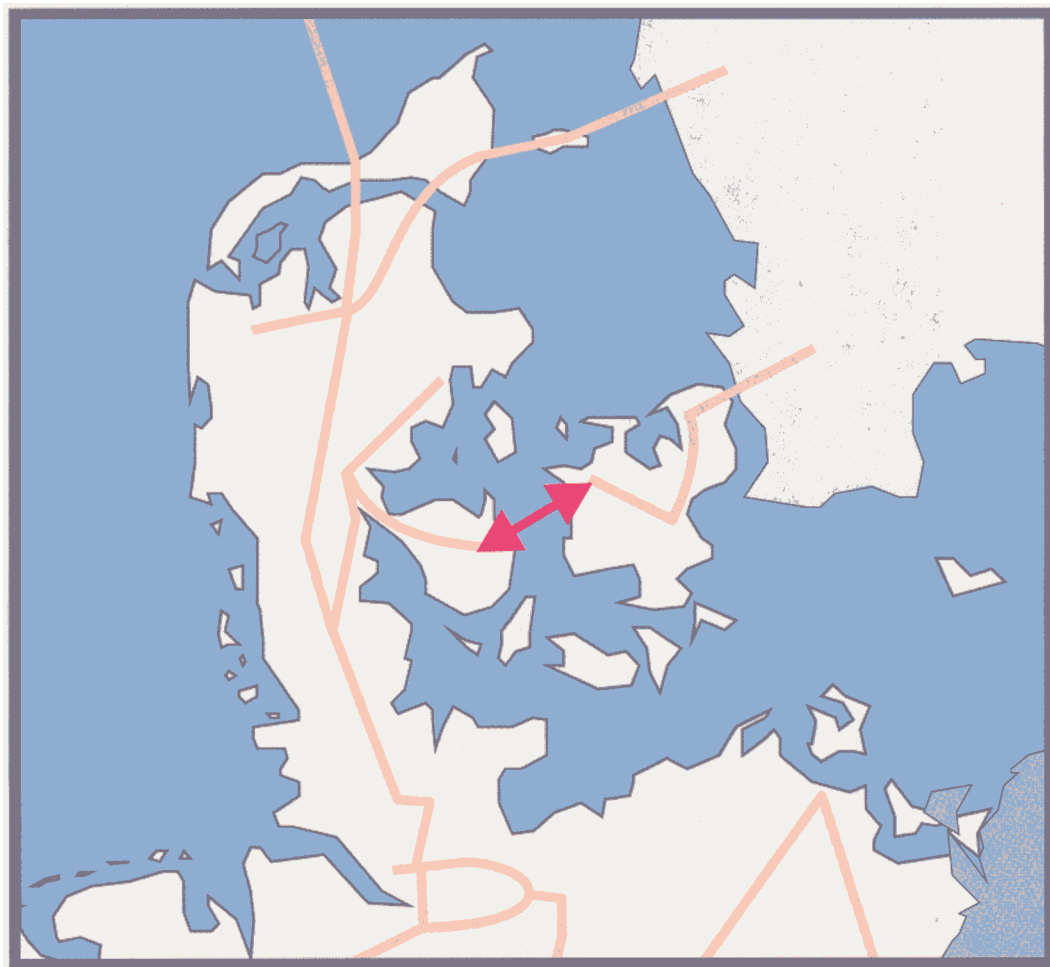
The total combined cost will be approximately ECU 130 million. As the project is extremely viable, no funding problems are feared. However, there are still a few minor problems concerning environmental protection and the licences needed.

In any event, classification of this major project as a 'project of Community interest' could speed up the work. Also, rapid completion of the new France — Spain (Cazaril — Aragon) line would add considerably to the value of this interconnection between Spain and Portugal.



## *Electricity projects*

### **Underwater cable link between eastern and western Denmark (c2)**



At the moment mainland Denmark is connected to the UCPT network and the islands to the Nordel network. This connection between the networks in eastern and western Denmark will establish an additional electricity link between the EU and the Nordic countries, making fuller use of the two fossil-fuel fired and hydroelectric generating systems.

The project will consist of a 400 kV underwater and underground cable plus two substations for DC/AC conversion at Zealand and Funen.

The total cost will be approximately ECU 170 million. The project is of great strategic importance, but of limited financial viability.

The project is ready. The technical specifications will be published soon. The scheme is scheduled to come into operation by the end of 1997.

Gas projects  
Introduction of natural gas in Greece (e6)



The introduction of natural gas will make it possible to diversify the energy supplies of Greece, which is heavily dependent on oil, and help to improve the environment, particularly in the Athens and Thessaloniki regions and in other cities. The scheme will allow more flexible power station siting and serve as a symbol of cohesion with the rest of the Union.

It entails laying a 510 km pipeline from the frontier with Bulgaria to the western Mediterranean coast of Athens, with various branches to the main centres of consumption, and constructing a LNG station at Revithoussa (near Athens).

The total cost (excluding the distribution network) will be between ECU 1 200 and 1 300 million. Up to ECU 400 million was invested between 1990 and 1993, with Community support from the ERDF totalling ECU 149 million, an EIB loan of USD 10 million and an ECSC loan of ECU 100 million. This project has already received support under the REGEN programme but needs further financial aid. It could also receive support from the new Interreg programme for 1994-99.

Construction of the main pipeline started in 1991 (380 km of pipeline have already been laid). All the work (pipelines and LNG station) is scheduled to be completed by 1998.

*Gas projects*  
**Introduction of natural gas in Portugal (e5)**



Introduction of natural gas in Portugal will open up a new source of energy supplies to 80% of the population and 85% of Portugal's industry. Use of this cleaner fuel will help to reduce the country's dependence on oil and have a positive impact on the environment.

The project entails laying a 370 km pipeline with a capacity of 2.5 billion m<sup>3</sup>/year between Setubal and Braga. The natural gas will be supplied by Algeria via the Maghreb pipeline currently under construction.

The project will cost ECU 440 million, to which the ERDF has already contributed aid totalling ECU 82 million. Additional aid could be granted under the new Interreg programme for 1994-99.

One third of the investment has been committed already. Final completion of the project is scheduled in 1996.

*Gas projects*  
**Interconnections between Spain and Portugal and  
introduction of natural gas in the Galicia and  
Extremadura regions of Spain (f6)**



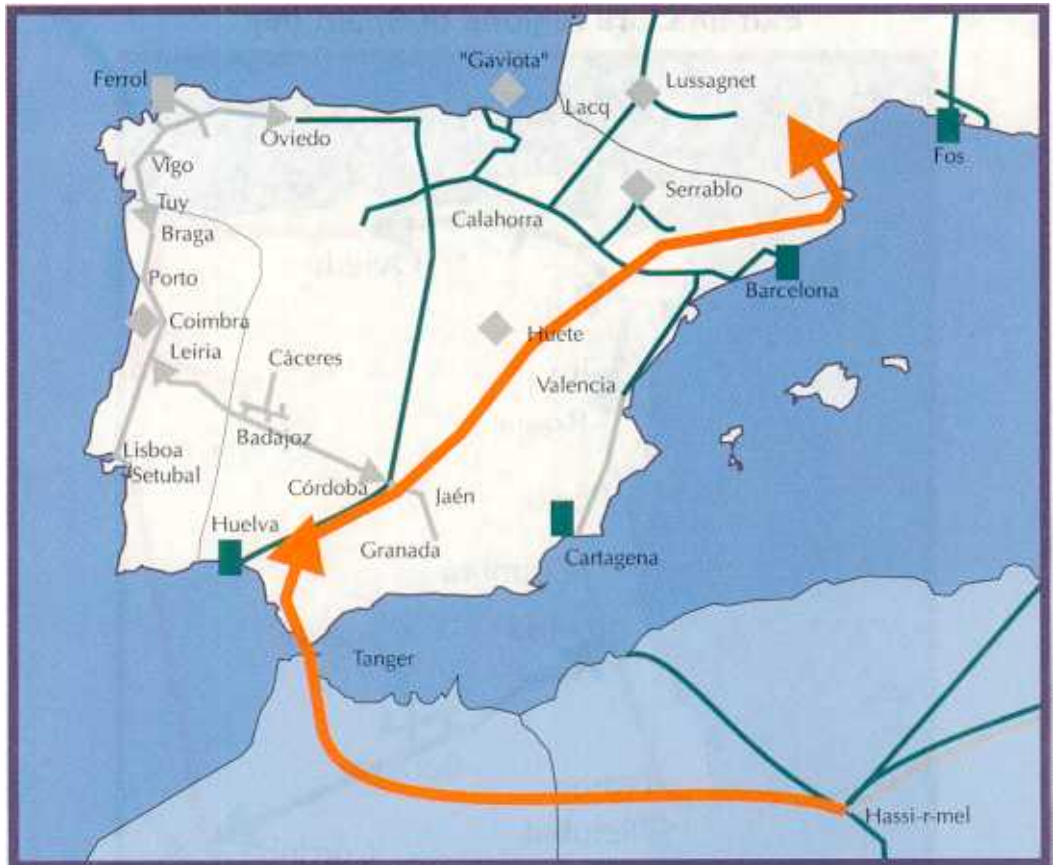
In order to introduce natural gas in Portugal, interconnections with Spain will have to be built to carry the natural gas from Algeria (southern interconnection) and, possibly, other destinations (northern interconnection) to increase the security of supply. At the same time the first of these pipelines will provide an opportunity to introduce natural gas in Extremadura and the second in Galicia.

The southern interconnection will entail laying a 430 km pipeline at a cost of approximately ECU 300 million between Cordoba (Spain) and Leiria (Portugal). This will also supply natural gas to Extremadura at an additional cost of ECU 37 million.

The northern interconnection, from Oviedo, will extend the Spanish network, already connected with France, to Galicia and Portugal at a cost of approximately ECU 460 million.

## Gas projects

### Algeria Morocco — European Union pipeline (h4)



A new gas pipeline will be laid to supply natural gas from Algeria to Spain and Portugal in the first phase and to France and the rest of the European Union in the second phase. This will increase transmission capacity and diversify the supply routes for natural gas.

The pipeline will have a capacity of 18.5 billion m<sup>3</sup>/year, 8.5 billion of which will be used to double natural gas consumption in Spain and introduce this new fuel in Portugal. That will leave 10 billion m<sup>3</sup> for new markets.

The 45 km crossing of the Straits of Gibraltar and the Tarifa/Cordoba pipeline will cost approximately ECU 450 million.

One third of the investment has already been committed. The scheme is scheduled for completion by the end of 1995.

Extracts of the conclusions of the Presidency  
of the Corfu European Council

(24 and 25 June 1994)

# White Paper

In December 1993 the European Council in Brussels adopted a plan of action based on the Commission White Paper on a medium-term strategy for growth, competitiveness and employment. It underlined that a healthy and open economy as well as an economy geared to solidarity were essential prerequisites for the successful implementation of this plan.

Signs of economic recovery are now being confirmed and non-inflationary economic growth is returning. The European Council considers it essential that the improvement in the economic situation should not lead to a slackening of efforts to promote structural adjustment in Europe but should instead be exploited to speed up essential reforms, particularly in the field of employment, where the situation is still very worrying.

The successful conclusion of the Uruguay Round within the guidelines set out by the European Council has created an international trade policy environment which can provide effective support for economic recovery and job creation. The European Council calls on the Community institutions and Member States to do everything necessary to complete ratification in time to ensure the entry into force before 1 January 1995. The European Union will play an active role in efforts to ensure that the new World Trade Organization can effectively carry out its task of ensuring observance of the rules drawn up jointly and promote progress in combating unfair trade conditions. Environmental and social issues will also have to be discussed in this context.

## 1. Improving the employment situation

A sound macroeconomic environment is a *sine qua non* for success in the fight against unemployment (see point 5).

The resumption of economic growth will not of itself suffice to settle the problem of unemploy-

The European Council on the basis of a report from the President of the Commission had an in depth discussion on the different elements of the Action Plan decided in the Brussels European Council.

The European Council puts particular emphasis on the following points which should give new impetus in the follow-up debate on the White Paper.

- (i) Encouragement of reforms in Member States intended to improve the efficiency of the systems of employment.
- (ii) Specific measures with regard to fully exploiting the employment potential of small and medium-sized enterprises.
- (iii) Reinforced coordination of research policy.
- (iv) Rapid implementation of high priority trans-European projects in the field of transport and energy.
- (v) Fully exploiting the possibilities and opportunities offered by the information society.
- (vi) Encouragement of the new model of sustainable development including the environmental dimension.

ment, which requires structural reforms both at the level of Member States and of the Union.

The European Council considers that increases in productivity for the rest of this century should be dedicated primarily to investments and jobs. This objective should be implemented in a spirit

of solidarity and taking special account of those in society who are in the weakest position. The European Council stresses the need to maximize the potential of human resources.

The European Council reviewed, on the basis of a report from the Commission, the initiatives under way in the Member States in accordance with the general objectives defined in December 1993. The European Council noted progress in these areas but considered that the efforts undertaken so far, though appreciable, still fall a long way short of what is necessary. It encourages Member States in order to win the battle for jobs to take further steps to implement the objectives set out in December. In particular:

with regard to education and training, the European Council concurs with the Commission's recommendation that a more systematic and comprehensive approach will be needed in many Member States, in particular with regard to continuing training. At the Community level the European Council welcomes the agreement in principle by the Council on the two new education and training programmes (Leonardo and Socrates) and invites the Council and the European Parliament to finalize the decisions on this programme before the end of the year.

as regards measures to encourage employment, the European Council notes the Commission recommendation concerning the reduction of non-wage labour costs, mainly on the less skilled. In this framework, the European Council underlines that further steps should be pursued, consistent with the objective of budgetary consolidation.

Accordingly, the European Council takes note of the discussion on the CO<sub>2</sub>/energy tax issues and underlines the need to ensure that environmental costs are better reflected throughout the economy.

as regards the promotion of economically sound formulas for the organization of work, the European Council notes the need to remove

obstacles to part-time work and in general to promote new forms of organization of work.

with regard to developing new employment in connection with meeting new requirements linked to the quality of life and protection of the environment, the European Council notes that a number of initiatives have been taken but many of the new areas of job growth that were identified in the White Paper remain to be exploited. The European Council underlines the importance of the study to be prepared by the Commission before the next European Council on this subject.

with regard to young people, the European Council considers that additional emphasis should be given to those young people who are facing the greatest difficulties. It attaches high importance to ensuring as far as possible that young people can move from education into work; in this context it welcomes the Commission's Youthstart programme.

To support these efforts the European Council invites the Social Affairs Council, the Ecofin Council and the Commission, on the basis of information collected by the Commission, to keep progress in this area under constant review. The Council will report to the European Council in Essen on national experiences which have had positive effects on employment, analysing the reasons for their success, and define appropriate policy recommendations for adapting current policies.

Efforts to promote youth employment and to combat long-term unemployment should be given particular priority in the work of the Council.

Finally the European Council invites the Commission to renew its efforts towards assuring the necessary social dialogue, making full use of the new possibilities available in the Treaty on European Union and in particular of the provisions of the protocol annexed to it.



## **2. The internal market, competitiveness and small and medium-sized enterprises**

The smooth operation of the internal market is essential if the economy is to be competitive and dynamic. This means that the delays in transposing certain important Directives on public contracts, insurance, intellectual property and company law at national level must be remedied. Furthermore, it is essential that the basic principles of the single market should be extended to those areas, such as energy and telecommunications, which are still only partly covered by it while ensuring that the public service and town and country requirements in these sectors are also safeguarded.

The single market is implemented with due regard to environmental problems. The safeguard of important national environmental protection measures shall be secured in this context.

The single market is a fundamental aspect of Community construction but it is not an end in itself, as was already pointed out in the conclusions of the Rhodes European Council in 1988. It should be used to serve the welfare of all, in accordance with the tradition of social progress established in the history of Europe. The policy of the Union, alongside the policies of the Member States, should foster the affirmation of this social dimension. In the view of the Member States concerned, the recent agreement in the Council under the provisions of the Social Protocol concerning information and consultation of workers in multinational enterprises constitutes significant progress towards the realization of this objective. Further advances on the same basis, including efforts aimed at avoiding social exclusion, are essential in a society in rapid transformation. The European Council also welcomed the recent agreements in the Council on the protection of young workers as well as the creation of the agency for health and safety at work.

Small and medium-sized enterprises make a major contribution to growth and job creation and they should be able to benefit more from all the opportunities offered by the single market. The European Council welcomed the implemen-

tation by the Council of its orientations concerning interest rate subsidies for SMEs and that the Commission has decided to devote ECU 1 billion for the period 1994–99 for a Community initiative programme to help small and medium-sized enterprises adapt to the internal market and to the new competitive environment. It also noted with interest the recent Commission initiative for an integrated programme in favour of small and medium-sized enterprises, including action to simplify legislation and reduce administrative burdens on such enterprises, and the initiative of the Portuguese Prime Minister on the local dimension of the internal market and the initiatives taken by Ireland in the areas of social partnership and local development. The European Council considers that local development initiatives offer considerable potential for reinforcing the economic and social fabric of the European Union and for creating jobs. They are an essential element of the new model of development mentioned in the White Paper and will help to preserve cultural diversity within the Union. The European Council notes the Commission's intention, within the framework of the report on new potential sources of employment to be submitted to the European Council in Essen, to draw up a detailed inventory of the various actions at Community level to foster local development and local employment initiatives, particularly those concerning microenterprises and handicraft industries. This inventory will be accompanied by the proposals deemed necessary to enhance the consistency and the effectiveness of those actions.

Regarding scientific and technological research, the European Council expects that the recent decision on the ambitious 1994–99 framework programme, to which considerable funding has been allocated, will be followed up without delay by the rapid adoption of specific sector programmes. In this context the information sector and biotechnology are of particular importance. It also invites the Council to pursue a more systematic coordination of Community and national research policies and invites the Commission to take any useful initiatives to promote such coordination.

Lastly, the European Council expressed its conviction that the elimination of unnecessary legal and administrative burdens on business and making Community and national legislation simpler are important aspects of improving the competitiveness of the European economy. It welcomes the fact that the Commission is pursuing its efforts to simplify existing Community legislation and will reinforce its cost/benefit examination of proposed Community legislation. The Commission also intends to launch a process of examining the impact of existing Community and national legislation on employ-

ment and competitiveness. With regard to these latter aspects the European Council welcomes the establishment by the Commission of a group composed of independent persons to assist it in this task and attaches high importance to its work.

As regards subsidiarity the Council welcomes the progress made so far by the Commission in acting on the report of December 1993 and notes the Commission's undertaking to give a full report to Essen.

### **3. Trans-European networks for transport, energy and environmental projects**

The single market will produce all the expected positive effects to benefit citizens and firms only if it can rely on effective trans-European networks for transport and energy. The European Council welcomed the work achieved so far by the group chaired by Mr Christophersen in accordance with the mandate given last December.

On the basis of the group's report, the European Council has agreed on a first priority list of 11 major transport projects, set out in Annex I. As far as the energy sector is concerned the European Council took note of the projects listed in Annex II and requested the Christophersen group to continue its work examining in particular their economic viability. The Member States involved are asked to make every effort to ensure that all the transport projects whose preparation is sufficiently advanced are started up immediately and that the others are started up as far as possible during 1996 at the latest by accelerating administrative, regulatory and legal procedures. The European Council invites the Commission to take all useful initiatives in this respect including the convening, where appropriate, of project seminars aimed at coordinating the activities of all parties involved.

The European Council also attaches importance to the other important transport projects which are set out in the interim report.

The European Council calls on the Christophersen group together with the representatives of the acceding States to continue their work on the basis of the mandate proposed in the group's report studying further the extension of the trans-European networks to neighbouring countries (in particular to Central and East European countries and to the Mediterranean Basin) and to prepare a final report to the European Council in Essen. It also asks the Christophersen group to examine the question of relevant networks in the field of the environment.

As regards financing of networks, the European Council confirms that measures will be taken, if proved necessary, in order that priority projects do not run into financial obstacles which would jeopardize their implementation. It noted the conclusions of the Ecofin Council and the studies carried out by the Commission. This question will continue to be examined by the Christophersen group and in the Ecofin Council until the Essen European Council, taking account of the specific characteristics of each project, the leading role of private funding and the judicious use of existing Community resources.

The Council will be informed if it appears that the achievement of certain projects is threatened for financial reasons linked to insufficient profitability — for example because of the length of investments or environmental constraints. The

Council will immediately consider with the Commission and the EIB the appropriate re-

sponses, within the limits set by the financial perspectives.

## **4. The information society**

The European Council took note of the report from the group of leading figures representing the industry, operators and users who have been examining the various aspects of this question under the chairmanship of Mr Bangemann. The European Council considers that the current unprecedented technological revolution in the area of information opens up vast possibilities for economic progress, employment and the quality of life, while simultaneously representing a major challenge. It is primarily up to the private sector to respond to this challenge, by evaluating what is at stake and taking the necessary initiatives, notably in the matter of financing. The European Council, like the Commission, considers that the Community and its Member States do however have an important role to play in backing up this development by giving political impetus, creating a clear and stable regulatory framework (notably as regards access to markets, compatibility between networks, intellectual property rights, data protection and copyright) and by setting an example in areas which come under their aegis. The European Council agreed in general with the areas of application set out by the group (teleworking, distance learning, network for universities and research centres, telematic services for SMEs, road traffic management, air traffic control, health care networks, electronic tendering, administrative networks and city information high-

ways). The importance of linguistic and cultural aspects of the information society was also stressed by the European Council.

The European Council, having noted the findings of the Bangemann group, considers that the importance and complexity of the issues raised by the new information society justify the setting up of a permanent coordination instrument to ensure that the various parties involved, both public and private, are working along the same lines. This coordination instrument, to be set up as soon as possible, should be based on the appointment in each Member States of a person responsible at ministerial level for coordinating all aspects of the subject (political, financial and regulatory) with a view *inter alia* to ensuring a coordinated approach in the Council. The Commission will act similarly.

At the level of the Community, the necessary regulatory framework has to be established as soon as possible. The European Council invites the Council and the European Parliament to adopt before the end of the year measures in the areas already covered by existing proposals. It also invites the Commission to establish as soon as possible a programme covering the remaining measures needed at the Community level.

The European Council will assess progress at its meeting in Essen.

## **5. The macroeconomic environment**

Regarding major economic trends, the European Council notes first of all that the Member States have broadly followed the guidelines laid down by the European Council in December 1993. Inflation, which is in the process of being overcome, a return to exchange rate stability and an incipient reduction of public deficits are

creating a sound basis for future growth and favouring the convergence of economies towards the criteria laid down in the Maastricht Treaty for the final stage of EMU. These efforts must be continued in order to consolidate the fall in short-term interest rates and to reverse the recent upward trend of long-term interest

rates, all of which are essential conditions for stimulating investment and creating jobs.

For all these reasons the European Council endorses the economic policy guidelines contained in the report submitted by the Ecofin

Council in accordance with Article 103 of the EC Treaty. It invites the Council to finalize the guidelines in the light of the conclusions of this European Council with regard to the implementation of the White Paper in general.

## Annex I

# List of high priority transport projects adopted by the European Council

Projects	Countries involved
<i>High-speed train combined transport north-south</i> Brenner axis Verona — Munich — Nuremberg — Erfurt — Halle/Leipzig — Berlin	I/A/D
<i>High-speed train Paris — Brussels — Cologne — Amsterdam — London</i> The following sections of the project are included Belgium: F/B border — Brussels — Liège — B/D border Brussels — B/NL border United Kingdom: London — Channel Tunnel Access Netherlands: B/NL border — Rotterdam — Amsterdam Germany: Aachen <sup>1</sup> — Cologne — Rhine/Main	B UK NL D
<i>High-speed train south</i> Madrid — Barcelona — Perpignan — Montpellier Madrid — Vitoria — Dax	E/F E/F
<i>High-speed train east</i> The following sections of the project are included <sup>2</sup> Paris — Metz — Strasbourg — Appenweier — Karlsruhe with junctions to Metz — Saarbrücken — Mannheim and Metz — Luxembourg	F/D F/D F/L
<i>Betuwe line: Combined transport/conventional rail</i> Rotterdam — NL/D border — Rhine/Ruhr <sup>1</sup>	NL/D
<i>High-speed train/combined transport France — Italy</i> Lyons — Turin	F/I
<i>Motorway Patras — Greek/Bulgarian border/</i> jointly with the west-east motorway corridor: Via Egnatia Igoumenitsa — Thessaloniki — Alexandroupolis — Ormenio/ Kipi	GR

<sup>1</sup> Ongoing construction support already provided at Community level.

<sup>2</sup> The extension to Frankfurt is already under construction; as regards the further extension to Berlin the maturity of the project is not advanced enough.

<i>Motorway Lisbon — Valladolid</i>	P/E
<i>Cork — Dublin — Belfast — Larne — Stranraer rail link</i>	IRL/UK
<i>Malpensa airport (Milan)</i>	I
<i>Fixed rail/road link between Denmark and Sweden (Øresund fixed link) including access routes</i>	DK/S

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## Annex II

### **List of energy projects which the European Council has given priority status**

France — Italy: electricity interconnection

Italy — Greece: electricity interconnection (cable)

Denmark: east-west electricity connection (cable)  
(not eligible for Structural Funds)

Portugal: natural gas network

Greece: natural gas network

Spain — Portugal: natural gas interconnections<sup>1</sup>

Spain — Portugal: electricity interconnections

Algeria — Morocco — European Union: gas pipeline

\* \* \*

Russia — Belarus — Poland — European Union: gas pipeline<sup>2</sup>

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<sup>1</sup> Including the introduction of natural gas in the Extremadura and Galicia regions of Spain.

<sup>2</sup> This project should also be shortlisted and studied although it has not yet reached the same stage as the other four gas schemes.

European Commission

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