

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(86) 340 final

Brussels, 27 June 1986

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

MEDIUM-TERM TRANSPORT INFRASTRUCTURE PROGRAMME

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COMMUNICATION FROM THE COMMISSION TO THE COUNCILMEDIUM-TERM TRANSPORT INFRASTRUCTURE PROGRAMMEIntroduction

1. The completion of modern transport infrastructure networks, conceived at the European scale, will contribute to the unification of the internal market : exchanges of people, goods and services will be simplified and overall costs reduced.

Moreover, the establishment of rapid and efficient links between all Community regions is an essential prerequisite to strengthen the economic and social cohesion of the Community. Such links will also facilitate the steady development of exchanges notably for the peripheral regions by helping them to overcome the handicaps of enlargement and to fully participate in the Community's economic and social development as well as in trade with non-member states.

The development of such a network has to imply a coordination of the choice of investments in a way that meets the requirements of environmental policy.

The construction of a new network can also stimulate technological development likely to be of value for exports and will enlarge the market for new technologies in the Community for European industry; this will offer the security of future increases in productivity and competitiveness.

Furthermore the Commission has pointed out, in the 1985-86 annual economic report, the benefits that would stem from a coordinated infrastructure strategy in the framework of a much greater convergence of national economic policies.

2. The need for community action in the field of infrastructure is based upon the economic importance of the transport sector which represents more than 5 % of Community GNP and directly employs more than 5 million people.

In the last ten years the traffic between Community countries has generally increased, the considerable increase in road traffic has compensated for the slight decline in rail traffic and a more marked drop in waterways. However, in the same period expenditure on infrastructure has dropped or at best remained stable in some member states.

Therefore, there is a latent risk of saturation on some links and a decline in standards on others in parallel with the slow rate of development of new facilities. If it is wished to stimulate the development of trade and tourism, both important for the economic development of the whole of the Community, it is necessary to develop a Community transport infrastructure policy.

Without wishing to replace the traditional responsibility of the Member States in this field it is necessary to demonstrate the dynamism of the Community in such a way as to amplify the expected effects of certain infrastructure works. Some major projects and certain existing infrastructures can only meet their maximum objectives in the context of a Community transport network.

A Community initiative will help to avoid a fragmented development of infrastructure; it would also facilitate a regrouping, more easily achieved than on a national basis, of technical, industrial or financial facilities, to meet the needs of projects whose scale risk or costs make problematical. Finally, it would ensure the coordination of infrastructure investment with other Community priorities, regional industrial, environment, employment and safety policies.

3. Thus the basis for Community action in the field of transport infrastructure is founded on the need to coordinate investments to be undertaken on the Community network, this led to the adoption in 1978 of a procedure for consultation and coordination of investment decisions (1).

(1) Council Decision of 20 February 1978 (78/174/EEC)

In addition, it is necessary at Community level to promote those projects which due to their nature and situation are of special importance for the movement of people and goods. Analyses undertaken by the Commission have shown that this factor can be quantified and an appreciation made of the priority of projects for the Community.

4. This is the basis upon which Community action for transport infrastructure has been developed over the last few years. Thanks to Parliament's support, budget resources have been made available since 1982 (1). In 1984 the Council decided to consider a study of a medium term programme (2) which concentrated on significant projects, objective criteria and funding methods. The Commission sent its first report on this subject to the Council on 14 December 1984 (3).

5. This communication sets out the broad lines of a medium-term transport infrastructure programme. The main subjects discussed :
 - the objectives which the programme is to achieve, taking into account the Community's general guidelines and priorities of the Common Transport Policy,
 - criteria for assessing the Community interest of projects and for ranking them in order of priority,
 - the network of principal links of Community interest with an indication of probable developments in the next 10 to 15 years,

(1) 1982 : 10 mio ECU - 1983 : 15 mio ECU - 1984 : 80 mio ECU
1985 : 90 mio ECU - 1986 : 65 mio ECU

(2) Doc 6974/84 PV/CONS. 20 Dec. 1984

(3) Document COM(84)709 final, 14 December 1984

- the use of public and private financial sources - including the Community financial instrument - to undertake the programme.
- the strategy proposed for the first measures, taking account of the budget resources available and the major projects of immediate interest.

The Commission proposes a general regulation to provide the Community with a permanent facility to offer a financial stimulus to the conception and undertaking of projects in the medium term programme.

The priority objectives of a medium-term transport infrastructure policy

6. The priority objectives for transport infrastructure have already been discussed in detail at the Council. A consensus was reached on the priority to be given to the following operational objectives which are entirely in keeping with the general Community objective to complete the internal market and reinforce its economic and social cohesion. The operational objectives are :

- improvement of transport communications in 'land-sea' corridors
- reduction of the costs inherent in transit traffic, in cooperation with non-member states concerned notably by works designed to support combined transport,
- the integration of the peripheral regions into the Community's network,
- the construction of links offering a high level of service between the main cities, in particular high-speed rail links (160 km/heure and over).

Criteria for assessing benefit to the Community

7. A consensus was also reached at the Council concerning the criteria on which a project serving the objectives set out above may be regarded as of Community interest, and on the need to quantify that benefit as precisely as possible.

The criteria are as follows :

- the socio-economic profitability of projects on the national and Community levels
 - the Community interest of the projects, in particular:
 - . the relative importance of existing or future intra-Community traffic,
 - . the importance of existing or future Community trade with non-member countries on the link concerned;
 - . the degree to which the isolation of peripheral regions of the Community is reduced.
 - the consistency of the project with other Community measures under the Common Transport Policy and under other common policies;
 - the complementarity of the project with projects undertaken at the national level.
8. The Commission has developed a method of economic evaluation known as TASC (Transport Assessment System for the Community). TASC can produce traffic forecasts for various scenarios of economic growth and improved transport facilities. It can then evaluate the Community interest on the basis of traffic data (origin and destination), journey time and investment costs.

The transport infrastructure network of Community interest

9. The integration of the European internal market and the development of exchanges calls for modern and efficient transport links. In an integrated economic entity of the sort that the Community is building, transport links must be planned and developed to constitute a coherent network able to cope with the new requirements stemming from the unification of Europe. The network of Community interest is therefore defined as the totality of links called upon to handle the transport flows which will arise from the progression realisation of Community objectives.

The network of Community interest is therefore defined as an assembly of links destined to handle the traffic flows arising from the steady realisation of Community objectives. Routes are selected on the basis that a change in traffic, in terms of density or new flows, is felt beyond the national network.

10. Annex 1 presents a network of Community interest, based on the work of the Transport Infrastructure Committee, for rail, road and inland waterways.

The network includes the most essential links for Community exchanges and is by definition with evolve with time : it has to adapt to modifications to trade flows such as could arise from the enlargement of the Community or through the impact of specific policies. It has also to take account of the new specialisations of the European economies, stemming from changes in the nature and localisation of industrial and service activities, which modify the demand for transport.

The network is presented in diagrammatic form with direct lines between the traffic-generating nodes and no indication of exact routes. The network design takes account of the role in the Community of sea and air transport, and the Community's infrastructure policy must accordingly, for reasons of consistency, also apply to ports and airports.

Measures to modernise ports and airports notably those intended to improve the integration of land, sea and air transport are an integral part of the programme. Such measures are based directly upon the

conclusions of the Commission's communication on maritime transport (1) and the second memorandum on civil aviation (2). Their inclusion is even more important in the light of the need for economic development in the peripheral and isolated regions which are particularly dependent upon air and maritime links for contact with the Community as well as non-member states.

11. The completion of the Community network that has been presented implies, taking account of the shortcomings of the existing infrastructure, the undertaking of a number of projects. The medium term programme is made up of a number of these projects whose priority and state of preparation means that they should be undertaken in the next 10 - 15 years. The maps attached show those projects whose completion in the next 5 years appears certain. The details of the medium term programme are shown in Annexe 2.

Community action at several levels

12. The primary role of the Community is to assure an effective coordination of the undertaking of these projects and to contribute to the emergence of those which are particularly necessary for the development of the Community. However, the Community has also to be able to provide appropriate financial support for certain projects in the medium term programme.

In view of the need for financial support, it appears useful to establish a distinction, in the context of the medium term programme, between two types of project :

- "A" projects, normally medium or modest size, which are essentially intended to improve the level of service on critical points on the existing network or to enlarge the network without making a fundamental modification to its nature.

(1) COM (85)90 Final and particularly paragraphs 104 et seq.

(2) COM (84) 72 Final and particularly paragraphs 69-70.

- "B" projects, of large size, whose undertaking would, taking account of the problems of congestion and isolation of peripheral regions, provide a new service, give a major step forward in the service provided by the existing network or provide significant extensions to that network. Examples are the completion of projects to cross natural barriers in the Community (the Alps, the Pyrenees, the Channel, Baltic etc.), to complete new major transport axes serving countries the furthest away from the geographical centre of the Community (Portugal, Ireland or Greece), to establish new technologies (high-speed railways, third-generation motorways).

13. In the two types of project, the Community can play the role of catalyser. This will involve assistance to the initial programming, the inception and financing of infrastructure projects.

14. The Community can assist the preparation and the establishment of projects whatever the form of financing planned :

- by taking the initiative of calling the various parties together (in the first place the authorities of the Member States) in order to convince all concerned of the value of an integrated examination and to coordinate the various projects envisaged, and finally to accelerate decision making.
- in calling for the support and organising the assistance of industrial and other interested parties.
- in giving public support to a project due to its Community interest established on the criteria noted above, this support can take the form of a "declaration of European utility".
- participating in the financing of preparatory works and feasibility studies by the means of subsidies or re-imbursable advances. In view of the problems created by the high cost of these activities for major projects, such Community action, which is variable in function of the Community interest of the project, can play a determining role.

- improving the economic environment of projects, notably when private monies are involved by removing administrative obstacles which threaten to compromise the efficient management of the project this applies equally to the construction as to the operational phases of the work. Proposals already exist, for example, to free the movement of capital, or for the installation of equivalent fiscal and accounting practices.
- 15. The Community also has a part to play in the financing of projects. Methods of assistance must be adapted to the characteristics of the project and will differ according to the type of project (A or B).
- 16. The majority of projects are the responsibility of public authorities and their financing is essentially public.

In order to increase the coherence of the programming and accelerate the realisation of these projects, a concentration of the Community's budget resources will be needed. In most cases it will be necessary to coordinate or improve access to the traditional sources of finance (budget contributions by the Member States plus the Community and EIB-type borrowings). The Community's present instruments (ERDF, IMP, EIB, NCI, SIT (1)) should be systematically used in combination to assemble the financial packages. Steps should be taken to ensure that the Community goes beyond merely contributing to existing financial plans.

(1) SIT : specific instrument for the support of transport infrastructure (budget Article 581).

On the one hand the support of ERDF, EIB for transport infrastructure projects amounts to 5.8 bio ECU between 1981-85. This support has essentially been directed to improve the infrastructure necessary for regional development in the least prosperous zones of the Community. In a certain number of cases the projects concerned meet both the objectives of regional development and the completion of a network of transport of Community interest; here support for transport infrastructure will continue to be an important field for Community structural activity. Hence the objectives of the Community in relation to the development of transport infrastructure have to be taken into account in the goals for the structural funds, notably the re-inforcement of economic and social cohesion.

On the other hand, the use of a specific instrument for transport infrastructure is necessary, either to meet the needs of projects linked directly to the objectives of transport policy, or to generate resources over and above those supplied by the Community budget. The S.I.T. thanks to its specific nature can play this role to allow Community action to go beyond a simple contribution to pre-existing financial plans. The action of the Community, linked to the role of animator which it plays in relation to preparatory studies, information for the Member states and the stimulation of research, can have an important impact on the tuning of national infrastructure programmes, particularly in relation to the timing of projects.

Taking account of the fact that, firstly, projects are often limited in size - which does not however imply that they are of limited value - or, secondly, the fact that they are undertaken by public bodies, the Community can intervene most efficiently to accelerate projects by direct or indirect subsidies, as the experience with SIT has shown.

17. Some projects, however, are so large or so complex, in that they cannot be split into smaller units because of severe geographical or technological constraints, hence more elaborate financing methods are needed than those at present available to the Community.

In view of the constraints on national and Community budgets the possibility of applying private capital for major projects of Community interest has to be used to the full.

At this point the Community's role goes beyond coordination and expediting the work : it must help certain projects to become feasible propositions and take shape; in other words it must be the catalyst. This can happen only if the Community plays a more active part which aims to persuade the market to provide most of the capital :

- by encouraging governments to create a favourable tax and regulatory environment the purpose being to help mobilize the necessary capital in appropriate form (acquiring, placing and issuing of shares).
- by giving help at the right time, i.e. when a project is launched, through a budget contribution to the preparatory work and to the initial financing. This would be a new way of applying assistance under the budget, with the aim of reducing a project's initial cost directly or indirectly (by paying for studies, ancillary work and contributing to capital).
- by mobilising the available capital in the market, through a renewed form of Community intervention : by granting budgetary guarantees, appropriate to the risks involved : by loans granted by the E.I.B. on its own resources or on resources collected by the Commission, the Community could use 'project financing' techniques which aim to share the risks involved and which have already been used to finance the construction of certain large projects.

In the near future the Commission intends to present to the Council, in the context of a strengthening of activities in the field of financial engineering, a communication detailing the more active role that the Community can play.

Budgetary Requirements

18. A two stage approach has been adopted to establish the budget needed for transport infrastructure :

1. support should be given in priority to projects whose "Community interest" established on the basis of criteria set out under point 7 above, justifies Community prompting.

2. Based on previous experience the "efficiency threshold" for Community support can be identified thus :

- those projects for which Community action will mainly consist of a capital grant as a means of subsidy, a contribution of some 15 - 25% will be necessary to achieve the desired stimulation,

- on the other hand, those projects in point 17 above where the Communities' intervention under SIT will have to be determined on a case by case basis, depending on the form of financial support, in order to have the catalytic effect looked for.

Taking these points into account a steady expansion of the budget devoted to support is looked for. If only due to the time needed for national authorities to adapt their plans a degree of progressivity is called for. In this light a gradual increase towards 150 mio ECU in 1990 from the current level of expenditure is defensible: taking account of the cost of projects already identified (see Annex 2, point 1). This total is estimated as 20 bio ECU , which will have to be increased as and when further B type projects are identified.

19. Of the total budget resources available for the medium-term programme, the largest part (about two thirds) should be assigned to major projects ("B" projects). This would offer the dual advantage of releasing substantial funds for continued work to improve the basic network while channeling the largest share to major projects which the Community needs if it is to meet the great commercial, industrial and technological challenges of tomorrow.

20. In the initial phase of the medium-term programme the Community should both continue its measures to assist "A"-type projects started under the budgets for 1982 to 1984 and assist the emergence of "B" projects.

In other words, at this stage assistance to "B"-type projects would focus on feasibility studies, improvements to access routes or other preparatory works rather than any direct contribution to construction, which would develop at a later stage.

Draft Council conclusions

21. The Council is requested :
 - to approve the guidelines of the communication relating to a medium term programme for transport infrastructure.

 - to approve the outline regulation relating to the medium term programme for transport infrastructure. This proposal would replace those presented by the Commission in 1976 (1) and in 1983 (2).

(1) O.J. C/207 of 2.9.1976 pages 9-10.

(2) O.J. C 36 of 10.2.1984 pages 3 - 5.

THE COMMUNITY TRANSPORT INFRASTRUCTURE NETWORK

A. General thinking behind the network

1. The work of the Transport Infrastructure Committee has resulted in the road, rail and inland waterway networks of Community interest. Annexes 3, 4 and 5 (rail, road and inland waterways) contain more detailed information taking account, in particular, of Spanish and Portuguese needs.

This network is made up of the links of the greatest importance to the Community. It is illustrated in simplified form, without specifying the precise routes, which can be tailored to traffic patterns in the Community.

2. The infrastructure must guarantee a satisfactory quality of service at every point on the Community interest network. The minimum requirements were considered to be :

- (i) a normal traffic flow, with saturation flows accepted only for a limited number of hours each year;
- (ii) satisfactory access to each region and major conurbation in the Community;
- (iii) capacity to allow the requisite expansion of goods services in general and of heavy goods, combined transport or dangerous goods services in particular;
- (iv) maximum safety for users.

As links between major traffic generating nodes the networks represented naturally also serve the principal ports and airports.

3. Stretches of the network on which upgrading schemes are planned to overcome capacity shortages or inadequate quality of service are marked on the rail, road and inland waterway maps. The Member States have submitted their plans for these stretches to the Commission. Preparations are so advanced that the schemes seem certain to go ahead within the next five years. Needless to say, this does not preclude embarking on other projects over the same period, and in particular the high-speed rail links or to cross natural barriers which are currently under study.

B. The Road Network

4. The minimum required on the road network is :

- to abide by the Geneva Agreement of 15 November 1975 on Main International Traffic Arteries;
- to maintain a steady flow of traffic for all but a very limited number of peak hours per year, by building new roads, upgrading existing ones or special routing;
- allignment with the Community situation regarding commercial vehicle weights and dimensions.

5. The road projects of Community interest concerning the motorway network meet two objectives.

Some are designed to boost the capacity of sections of motorway approaching saturation point.

Some of the upgrading schemes will take the form of a series of separate projects spaced along the same route. In others, the

aim is to relieve a local bottleneck, (a road through a town or city, a missing link etc. ...).

Some of the Member States projects were not selected because they were judged not sufficiently important for long-distance international traffic.

C. The Rail Network

6. For the railways the minimum characteristics considered were :

- speed of over 200 km/h on long-distance lines with very high passenger densities; generally this should be achieved by building new lines, either reserved for passenger trains only or open to both passenger and goods services;
- speeds of between 160 and 200 km/h on lines with lower passenger densities, generally by upgrading existing lines;
- UIC gauge C1 on all new lines so that every type of container, swap body and commercial vehicle (semi-trailers, road trains, etc.) can be carried;
- on upgraded existing lines where conversion to gauge C1 proves too costly, gauge B, which is sufficient to promote the expansion of combined transport services, albeit within certain limits;
- technical facilities guaranteeing high capacity, precision of train movements and punctual services.

7. Modernisation of the rail network is in the Community's interest in three respects :

- progress must be made on transport costs, frequency of service and operating speeds if goods are to be moved economically. To achieve this, the infrastructure on existing lines must be upgraded, primarily to facilitate combined transport services. In addition, the leading international goods train routes must be equipped with a limited number of modern marshalling and trans-shipment centres;
- infrastructure improvements are needed on existing lines too in order to raise passenger service speeds to over 160 km/h on all main lines in the Community;
- within the general rail network, a high-speed network consisting mainly of new lines is beginning to take shape to capitalize on the new opportunities opened up by very high speed (over 200 km/h) passenger trains. A number of projects of this type are underway.

D. The Inland Waterway Network

8. Generally the minimum applied to the inland waterways was the Class IV, "widebeam" gauge, for 1,350 t self-propelled barges and for convoys with 1,000 - 1,500 dwt push-barges. However, exceptions to this rule can be allowed.
9. Most of the Community inland waterway network consists of the wide-beam waterways already in operation or now being built. However, lower-capacity stretches have been included to fill in gaps in the network even though their traffic levels are less high.

On the basis of evaluation studies it will be necessary to examine whether some improvement projects for waterways serving ports off the main network are of Community interest : in this case such links will be added to the network.

Medium term transport infrastructure programme

A. General approach

1. Projects of Community interest already identified by the Member States represent, for the 10 to 15 year period under consideration, an investment of over 20 billions of ECUs. The cost of projects already in preparation has to be added to this figure.

Starting from the distinction between projects A and B a medium term strategy has to be developed to allow the Community role to be identified in the promotion of a programme. It should be recalled that type B projects, by their nature, imply a radical change in the level of service offered to users. By the application of advanced techniques to such projects there may be, in certain cases, possibilities for European industries to exploit new techniques for the world market (e.g. high speed passenger transport by guided magnetic trains).

2. Community assistance for these projects, which are particularly useful for economic and social development in Europe, can be supported on the basis that it will encourage the Member States to initiate or to accelerate their undertaking. As Community resources are limited it will be necessary to select those projects which are most likely to produce an optimal effect in terms of the principal Community objectives. This selection has to be based on a thorough examination of the Community interest of projects in the light of the criteria and the results of the method described in point 8. On the basis of an analysis it is possible to indicate which axes might be given priority in the medium term programme.

B. Priority projects to include in the medium term programme

3. Projects situated on axes carrying major Community flows and involving heavy burdens for transit countries.

For these projects, even with an appropriate system of pricing, there remains a disequilibrium between the costs and the benefits for the countries where they are situated and hence there exists a justification for Community intervention in the following actions :

- the removal of bottlenecks on sections of axes with high transit traffic. Examples : access route to the Mont Blanc tunnel, on the axe Benelux - France - Italy, the section Aachen - Köln on the axe Benelux - Federal Republic of Germany - Switzerland/ Austria etc.
- the strengthening of rail axes which relieve bottlenecks or for combined transport in overloaded road corridors. Examples : links - Randstad - Germany, Scandinavia - Germany, the Alps, the axe Amsterdam - Brussels, Luxemburg - Metz - Strasbourg - Bale - Milan - Rome etc.
- the improvement of routes giving access to transit links established by non-Member states (notably Austria, Switzerland and Yugoslavia) which carry a large share of Community traffic in such as the rail links over the Brenner or Tauern, on the improvement of by-passes.
- the modernisation of links in the waterways network notably those providing connections between basins (e.g. Seine - Escaut, Rhin-Rhône).

4. Improvement of land-sea-links, particularly in the corridor UK - Ireland-Continent.

In view of the decision to construct a fixed channel link the Community support should be concentrated upon :

- rail and road access to the fixed link
- the development or the reconversion of land-sea facilities, notably the link between the Belgium and Dutch ports and ports situated to the North of the Thames.

In addition work should be continued in Ireland on the improvement of the North-South axes which serve the principal ports providing links to the rest of the Community.

In the field of improved land-sea links the application of new technologies may be the subject of research or study at Community level (e.g. Straits of Messina, Gulf of Corinth, Scandinavian links).

5. Progressive improvement of links of a high level of service between the capital and major urban areas, especially high speed links.

The role of the Community in the completion of a high-speed passenger transport network has been the object of a study by a working group; their report of 1985 will be sent to the Council. Studies are already well-advanced, with Community cooperation, on the first project - the link Paris-Brussels - Cologne/Amsterdam.

6. A better integration of remote regions into the Community network.

6.1. The North-West - South-East axes (serving Greece).

Priority will be given to the continuation of work in the context of the Greek memorandum to improve the North-South link in Greece to Yugoslavia.

It will be necessary to ensure proper coordination between this axe and the East-West link (Igoumenitsa - Volos) which is proposed to facilitate East-West transit in Greece.


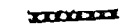

6.2. The North East-South West axes (serving the Iberian peninsular).

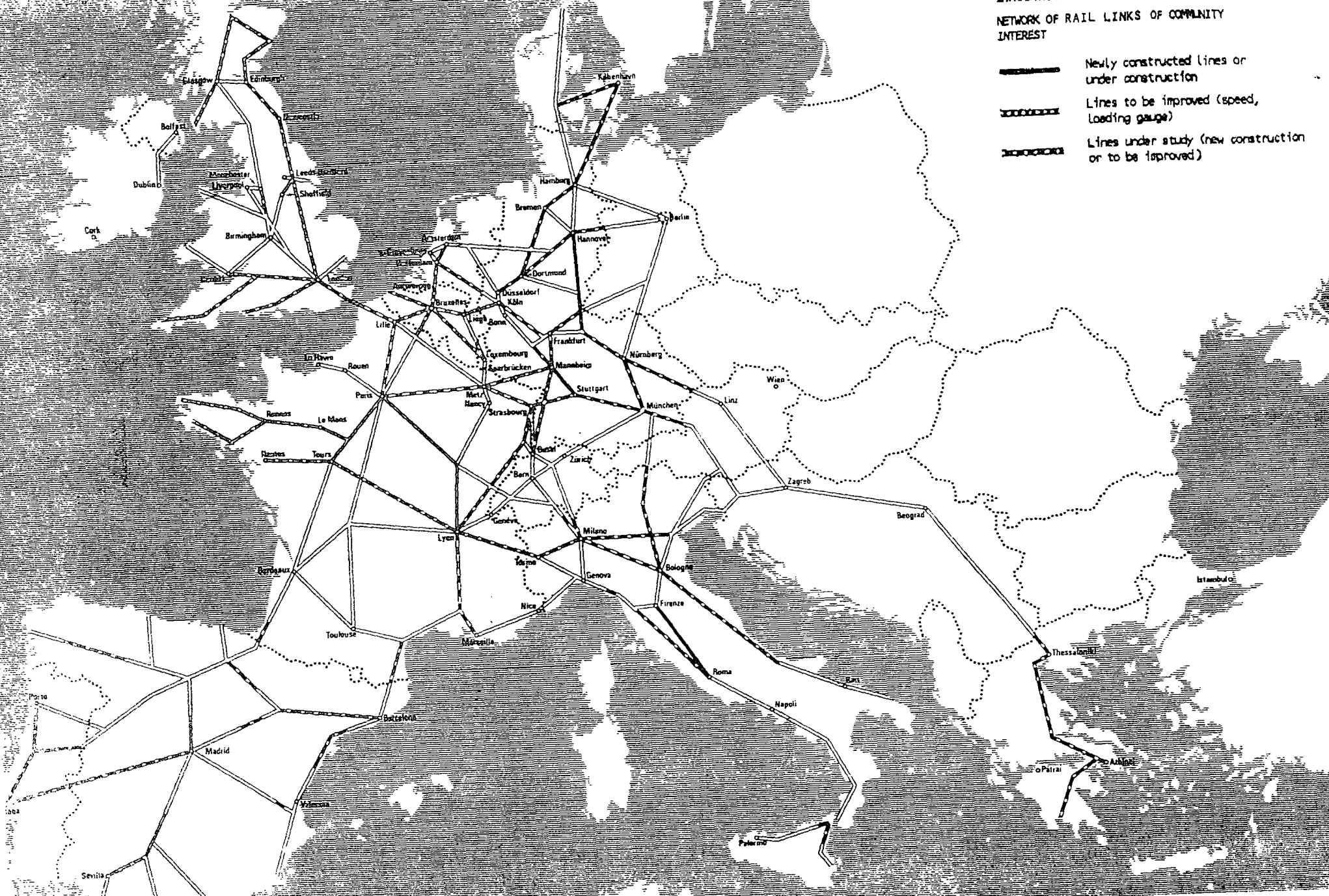
The following priorities have been identified on the basis of studies undertaken by the Spanish and Portuguese governments :

- axe Irun - Madrid - Algeciras (road and rail)
- axe Barcelona - Madrid - Lisbon (road and rail)
- Mediterranean road axe - Narbonne - Algeciras.
- the road and rail axes Irun - Burgos - Porto - and Irun - Burgos - Coimbra - Lisbon - Faro
- improvement of the transpyrenian links : Pau - Saragossa (road); Toulouse, Barcelona (road) modernisation of railway frontier crossings.

OUTLINE DEVELOPMENT PLAN FOR TRANSPORT INFRASTRUCTURE




NETWORK OF RAIL LINKS OF COMMUNITY INTEREST

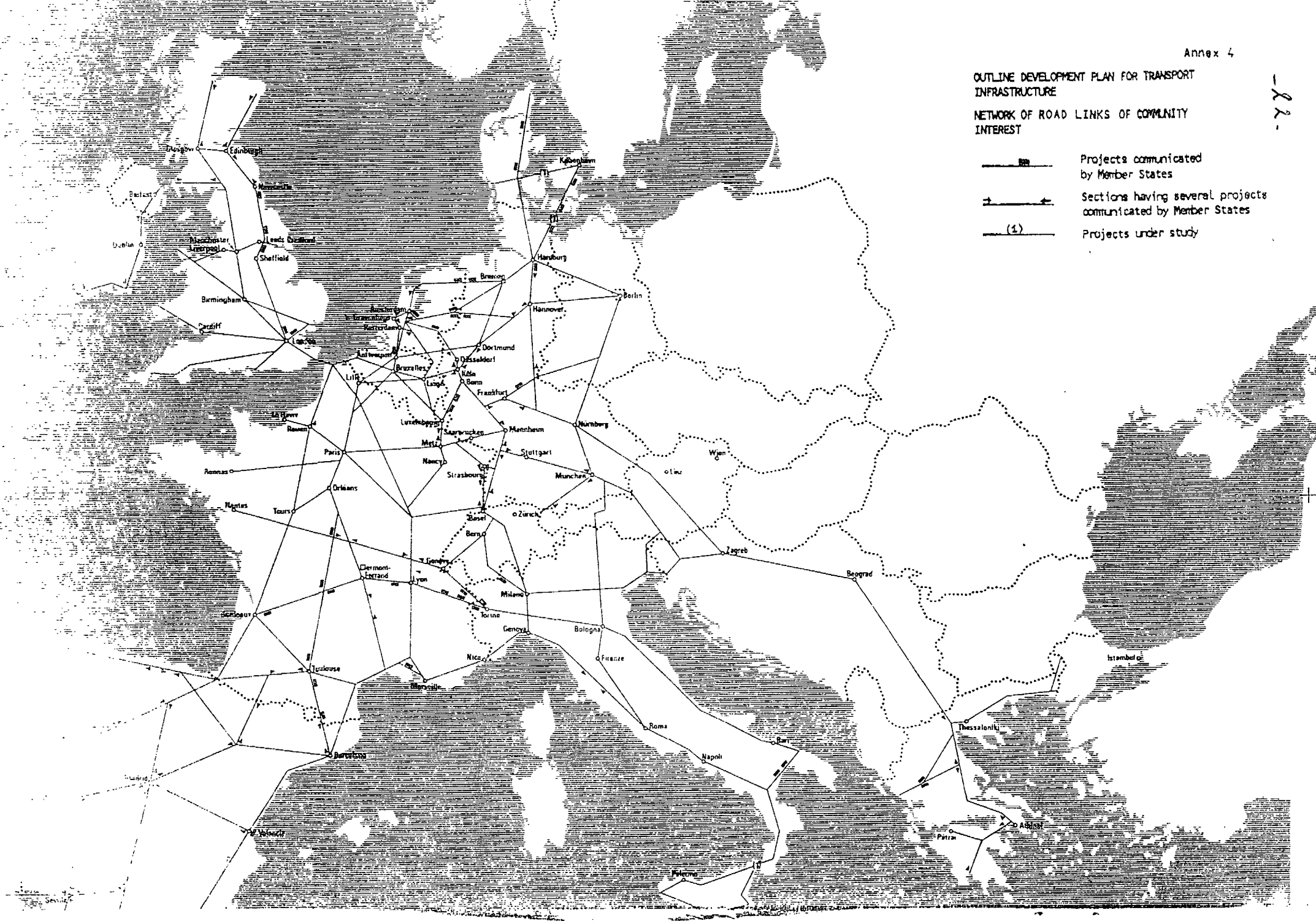
-  Newly constructed lines or under construction
-  Lines to be improved (speed, loading gauge)
-  Lines under study (new construction or to be improved)



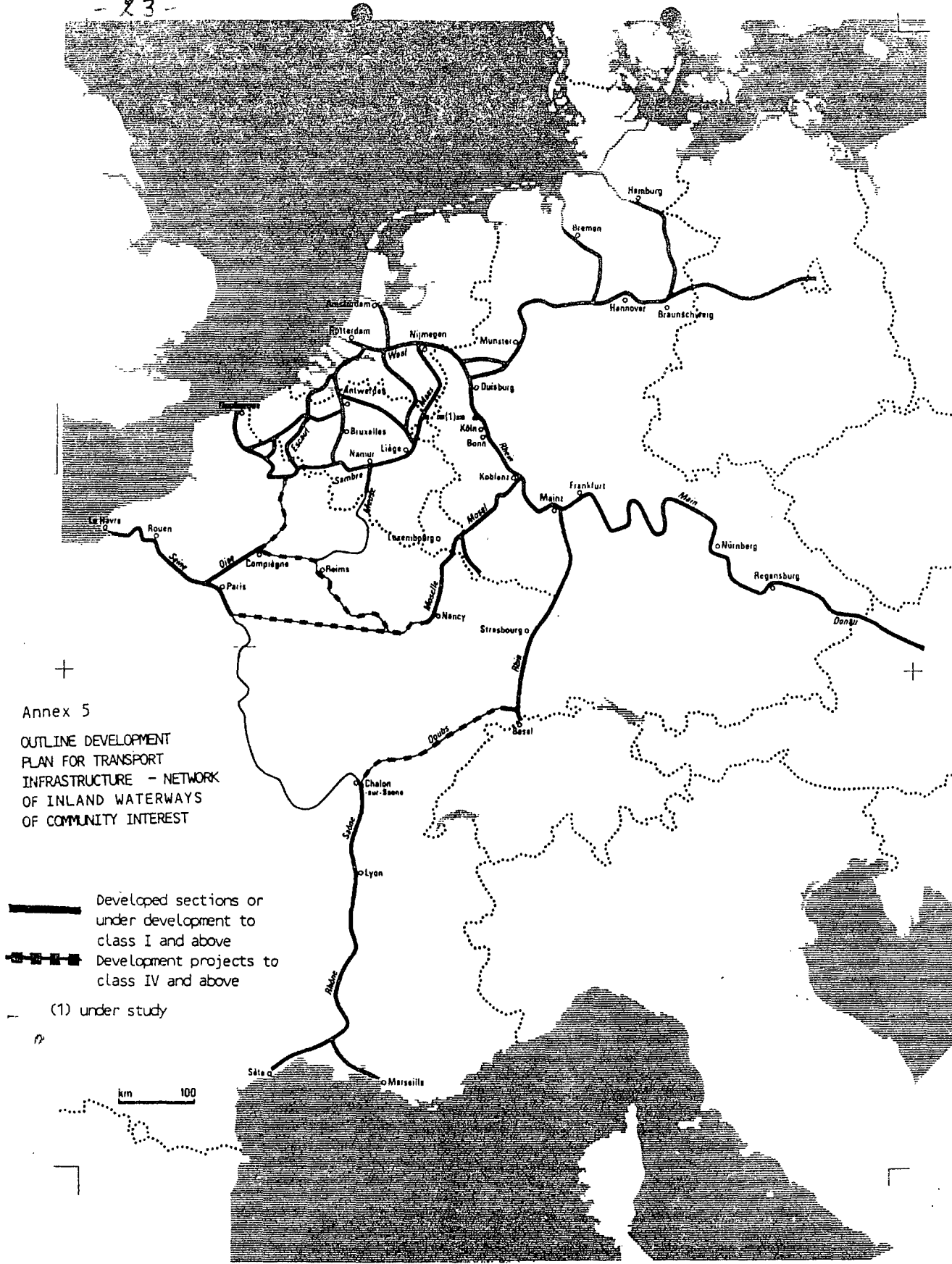
OUTLINE DEVELOPMENT PLAN FOR TRANSPORT INFRASTRUCTURE

NETWORK OF ROAD LINKS OF COMMUNITY INTEREST



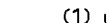
-  Projects communicated by Member States
-  Sections having several projects communicated by Member States
-  Projects under study



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Annex 5
 OUTLINE DEVELOPMENT
 PLAN FOR TRANSPORT
 INFRASTRUCTURE - NETWORK
 OF INLAND WATERWAYS
 OF COMMUNITY INTEREST

-  Developed sections or under development to class I and above
-  Development projects to class IV and above
-  (1) under study

km 100

Proposal for a Council Regulation
on financial support in the
framework of a medium term programme
for transport infrastructure

Explanatory Memorandum

1. With a view to the preparation of a medium term programme the Commission has already sent the following documents to the Council :

- Report on Bottlenecks (20/6/80)
- Reports on the evaluation of Community Interest (16/9/81 and 7/12/82)
- Experimental programme (10/12/82)
- Guidelines for a medium term policy (14/12/84).

2. These various reports plus the debates etc. that they have given to have allowed the Commission to develop a medium term programme comprising, in particular :

- a network of main links of Community interest,
- objectives for the improvement of the network,
- indications or guidelines concerning the projects of Community interest to be undertaken in the medium term.

The programme, which is sent to the Council at the same time as this draft Regulation, serves as a framework for Community financial support in order to ensure coordination and efficiency.

This programme will be revised from time to time on the basis of the developments of Community needs.

3. Article 1 sets out the basis for Community action in relation to the medium term transport programme. Article 2 sets out the criteria for the selection of projects eligible for Community financial support.

Article 3 establishes the objectives and forms of financial support envisaged.

Article 4 deals with the procedures for the introduction of a request for financial assistance and its contents.

4. Article 5 gives the Commission the powers to grant financial assistance. This power is derived from Article 205 of the Treaty of Rome whose application permits the Commission to execute the budget. Consultation of the Committee for Transport Infrastructure is provided for in conformity with Article 5 of the Decision (78/172/EEC), referring to its responsibility in all matters concerning the network of Community interest, establishing that Committee.
5. The provisions necessary for controls and which figured in previous drafts of the Regulation on financial support are reproduced in Article 6.

Proposal for a Council Regulation on financial support within the
framework of a medium term programme for transport infrastructure

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Articles 75 and 84 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas the realisation of the Common Transport Policy implies the setting
up of a Community action aimed at the harmonious development of Community links,

Whereas modern transport networks based on the European level can contribute
to the unification of the internal market and the stimulation of exchanges of
goods, people and services between countries and regions of the Community,

Whereas the establishment of rapid and efficient links between all regions
of the Community is an essential condition for the reinforcement of its
economic and social unity,

Whereas the realisation of an adequate level of service and safety of these
links and their extension would facilitate the balanced development of
exchanges and allow peripheral regions to overcome the handicap of enlargement
and to participate fully in the economic and social activity of the Community
as well as in exchanges with non-Member States,

Whereas it is necessary to take account of both the interest of users and
requirements in the field of the environment, safety and rational use of
energy,

Whereas the Community structural financial instruments can contribute to
the realization of transport infrastructure works of Community interest,

Whereas specific financial support to transport infrastructure projects
can provide an essential financial incitement to projects: on the one hand
to the completion of certain projects of critical importance for the
completion of the Community transport networks and on the other, the
promotion and launching of major projects,

Whereas the granting of financial support should take account of the need to
ensure good coordination in the undertaking of projects and an efficient
timing of this completion; this makes it appropriate to award financial
support in the framework of a programme,

Whereas it is opportune to confer on the Commission the responsibility to
establish a programme in the light of the objectives and criteria which
are to be defined,

HAS ADOPTED THIS REGULATION:

Article 1

The Community within the limits of the appropriations set aside for this purpose in the general budget of the European Communities, and under the conditions set out in the following Articles grants financial support to undertake transport infrastructure projects of Community interest in the framework of a medium term programme and which meet the following criteria:

- the improvement of facilities in corridors which include a maritime crossing,
- the reduction of the costs associated with transit in possible co-operation with the non-Member States concerned, notably through the encouragement of combined transport,
- the integration of peripheral regions in the the Community network,
- the improvement of high-quality links between principal urban centres, notably high-speed rail links.

The medium term programme that the Commission shall draw up and revise periodically, includes notably:

- a network of principal links of Community interest,
- the objectives for the improvement of the network,
- indications or guidelines concerning the projects of Community interest to be undertaken in the medium term.

Article 2

The eligibility for financial support of transport infrastructure projects will be assessed in accordance with the following criteria:

- socio-economic profitability,
- Community interest in the project and notably
 - . the relative importance of actual or future Community traffic;
 - . the importance on the axe concerned of exchanges between the Community and non-member states;
 - . the importance of the reduction of the isolation of peripheral regions;
- the coherence of the project with other Community actions in the field of transport or other Community policies,
- the complementarity of the project with other projects undertaken at the national level.

Article 3

1. Community financial support can be accorded to preparatory works and feasibility studies for projects, for possible associated works, and on the development of a part of the whole of the project.
2. Financial support can take the form of subsidies or any other form needed for the financing of a project.
3. Financial support should not exceed 50% of the total cost of each project on the particular phase of the project which benefits from support.
4. In no case should the contributions from all Community budget sources exceed 70% of the total cost of the project.
5. A project will not receive Community financial support if it does not comply with the requirements of the 'public market.'

Article 4

1. Requests for financial support are to be sent to the Commission through the Member States or any other body qualified to undertake a project of Community interest.
2. Each request shall include the background information necessary and in particular:
 - an itemised list of forecast expenditure,
 - a provisional schedule of work and financial commitments,
 - information necessary for the evaluation of the Community interest of a project,
 - a non-technical resumé of the impact of the environment (1).
3. The Member State or other bodies mentioned in paragraph 1 shall provide the Commission with any further information it considers necessary for assessing a project.

(1) Directive no. 85/337/CEE

Article 5

The Commission, following consultation of the Transport Infrastructure Committee created by decision 78/174/EEC, shall decide on the attribution of financial support in accordance with the criteria laid down in Article 2. The Council will be informed of the decisions taken.

Article 6

1. Where a project which has received financial support has not been carried out as planned, or where the conditions imposed by the provisions governing the measure are not fulfilled, the financial support may be reduced or cancelled if the Commission so decides.

Any sum paid incorrectly shall be repaid to the Community by the beneficiary within 12 months of the date of notification of such decision.

2. Without prejudice to checks carried out by the Member States in accordance with national laws, regulations or administrative provisions, and without prejudice to the provisions of Article 206 (a) of the Treaty 209 (c) of the Treaty, on-the-spot checks or enquiries in respect of projects receiving financial support shall be carried out by the competent authorities of the Member State concerned and by representatives of the Commission, or other persons authorized to this effect by the latter. The Commission shall determine deadlines for the performance of checks and as a preliminary inform the Member State in order to receive all necessary assistance.
3. The purpose of these on-the-spot checks or enquiries relating to operations receiving financial support is to ascertain :
 - (a) to conformity of administrative practices with Community rules;
 - (b) the existence of supporting documents and the fact that they correspond;
 - (c) the conditions under which operations are executed and checked;
 - (d) the conformity of the projects carried out with the conditions subject to which financial support was granted.

4. The Commission may suspend payment of aid in respect of an operation if a check reveals irregularities or a substantial change in the nature or conditions of the project for which the Commission's approval has not been sought.

Article 7

This Regulation shall enter into force on the day of its publication in the Official Journal of the European Communities.

FINANCIAL RECORD

1. Budget line concerned

Article 581: financial support for transport infrastructure projects.

2. Reference (legal base)

To be created by the proposed regulation, on the basis of articles 75 and 84 of the Treaty.

3. Classification of the Expenditure

Non-obligatory expenditure (according to the annex of the joint declaration of 30.6.82)

4. Description and justification for the action

The financial support can take the form of subsidies or any other form required for the financing of the project.

The projects must be included in the framework of a medium term programme established by the Commission. Their eligibility for financial support is to be established on the basis of criteria which are set out in the proposed regulation.

The use of budget credits in the form of direct grants or reduced interest arrangements will be based on the benefit to the Community of an accelerated completion of projects of 'Community interest'.

The specific benefits for the Community vary according to the share of international traffic that uses the project.

5. Nature of the expenditure and method of calculation

(a) Nature of the expenditure

Subsidies to Member States or organisations undertaking projects of Community interest.

(b) Method of calculation

Time is necessary for governments to revise their programme in the light of Community priorities. It is estimated that from 1988 projects with an estimated cost of the order of 1 billion ECU could be the subject of an accelerated start thanks to capital support. The benefits to be achieved from this accelerated start are roughly equivalent to the subsidy provided.

The rate of support is based on a share of Community benefits and the threshold of resistance of the Member States to the acceleration of its programme (the budgetary situation, notably in those States required to make considerable efforts to make up delays in public investment). On the basis of experience (the experimental programme) this should vary between 15% and 25%.

In the development phase of the programme (up to 1989), a large part of the limited resources available will be devoted to the co-financing of preparatory works for B projects. In view of the object to stimulate activity a rate support of around 70% is desirable for preparatory works.

6. Effect of the action on intervention credits

6.1. Timetable

Engagements Mio.ECU	1986	1987	1988	1989	1990	Later years
Crédits 85 90	27	20	20	23		
86 65		20	15	15	15	
87 30			9	10	11	
88 90			27	27	27	9
89 120				36	36	48
90 150					45	105
545	27	40	71	111	134	162

7. Financing of intervention expenditure

Credits written to line 581.

8. Financial impact on staff costs and operations

Nil - staff in post.