

# **ECONOMIC AND**

# **SOCIAL COHESION**

## INTRODUCTION

The strengthening of economic and social cohesion is a key objective of Community policy, enshrined in the EC Treaty under Article 158, which says actions at European level should be aimed at “reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions, including rural areas”. While the Commission, in its 1992 white paper on the Common Transport Policy, said that cohesion should be fully taken account of in mainstream transport policy, other areas of Community activity are specifically designed to achieve the cohesion objective, notably trans-European networks (TENs) and regional policies.

According to the Commission, the provision of efficient transport infrastructure between and within Member States is necessary to ensure sustainable economic growth across the EU, and is vital for the prosperity of peripheral or isolated regions. However, in general, transport links have evolved according to national perspectives, and planning decisions have tended to ignore the benefits of trans-European traffic. Consequently, transport systems have developed in a fragmentary manner, with missing cross-border links, and a lack of technical interoperability.

Despite the deficiencies of the EU’s transport systems, little concerted action was taken to promote coordinated infrastructure development until the 1990s. At the start of the decade, in November 1990, the Council provided the germ of an integrated policy when it adopted an infrastructure action plan for projects of European interest. Funds were, however, limited to around Ecu330m for the three year period (1990-92). The scheme was extended for two years, in 1993, and, in the same year, the Council adopted three Decisions defining, for the first time, broad networks for priority development in the road, inland waterway and combined transport sectors.

The real impetus for a Community approach came with the adoption of the Maastricht Treaty, and a Title on trans-European networks in the transport, telecommunications and energy sectors. Explicitly referring to the objective of economic and social cohesion, Article 154 states that the Community should contribute to the development of infrastructure, in particular by supporting “the interconnection and interoperability of national networks as well as access to such networks” taking account of “the need to link island, landlocked and peripheral regions with the central regions of the Community”. The Commission has identified five dividends which this policy should provide: economic benefits, improved safety, reduced congestion, a cleaner environment, and improved choice.

*The Maastricht Treaty’s Title on TENs*

Since the Maastricht treaty entered into force, the Commission, and the other EU institutions, have energetically promoted the TENs, not least because of their job creation potential. However, in the Commission’s view, the Council has been unwilling to allocate sufficient funds, and this has slowed down their development. There has been a focus, therefore, on encouraging private financing, especially through public-private partnerships; and, consequently, the Commission has needed to examine the regulatory questions affecting the development of such partnerships.

Towards the end of the 1990s, the objectives of the Commission’s networks policy were moving closer to those of mainstream transport policy. The initial link-based approach, under which efforts were based on completing networks in each sector, is being transformed by a focus on intermodality and the need to ensure that modal networks are being adequately interconnected. Indeed, the emphasis is moving away from the creation of defined modal networks, and towards the development of a single multimodal network where different forms of transport are used interchangeably and to their maximum efficiency, with excessive reliance on roads being reduced.

*The convergence of TENs and transport policies*

The TENs strategy complements other areas of Community policy which pursue the objective of economic and social cohesion. The Structural Funds are the Community’s main instruments for reducing economic underdevelopment and isolation in parts of the Union. Because the provision of adequate transport infrastructure is often seen as a prerequisite for the revival of such areas, a significant amount of Structural Funds finance goes towards the implementation of new infrastructure, mainly within the context of the TENs. Other aspects of regional policy, such as the development of a coordinated approach to spatial planning, and an increasing focus on the urban dimension, also have significant implications for the transport sector.

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By way of an extended introduction, this chapter starts with a brief look at a recent Commission Communication on the very subject of cohesion and transport. The rest of the chapter is divided largely into two sections: trans-European networks and regional policies. It follows the development of the TENs programmes, describing the parallel legislative and political processes which created them, the problems which have affected their implementation, and the Commission's plans for the future. It goes on to examine the Community's regional policies and the various transport-related components of those policies.

**THE 1999 TRANSPORT AND COHESION COMMUNICATION**

For the first time, in January 1999, the Commission published a Communication which looked in detail at the important links between the Community's objectives for cohesion and for transport. In assessing the contribution made by Community structural policies in promoting transport objectives to date, the Commission explained that the Structural and Cohesion Funds had been a major source of financing for infrastructure projects aimed at improving access to peripheral and underdeveloped regions, but that much remained to be done. In planning future investments, the transport needs of "weaker" regions will be different from those of more developed areas, it suggested.

One aim of both structural and transport policy at EU level, the Communication noted, was to solve the problems presented by uneven development across Europe, and that a key tool in this context should be the European Spatial Development Perspective, a reference framework setting guidelines for a common approach to development within the EU. It stressed that cooperation between all levels of government and the private sector would be needed to ensure the Perspective reaped its full benefits (see below).

*Transport issues with a significant bearing on cohesion*

Transport policy issues with a significant bearing on economic and social cohesion, the Communication observed, included the following: development of the trans-European transport networks, and of public transport and services; the integration of transport systems and the promotion of intermodality; fair and efficient pricing; and environmental protection. The Communication reviewed each issue in turn, assessing where the priorities lay in terms of meeting structural objectives. It also focused on the need to improve transport links with Central and Eastern Europe, in the context of enlargement, and with the Mediterranean area.

*Plans for bringing structural and transport policies closer*

In a final section of the Communication, entitled "The way forward", the Commission set out its plans for bringing structural and transport policy objectives closer. Where Community funding was concerned, it said, grants should, in future, be better targeted according to the likely impact of each investment on growth, competitiveness and employment, as well as on the environment. Efforts will be made to reinforce the "leverage effect" of Community grants, with a view to promoting private investment in transport projects.

Improved coordination was also needed in the planning process, the Commission said, and it would, therefore, continue to encourage investments in transport infrastructure based on the notion of balanced development. Round tables would be organised to allow planners at European, national and regional levels to exchange ideas on future regional development strategies, while the Member States would be encouraged to take account of the need to promote sustainable transport and a balanced modal split when preparing regional programmes for financing under the Structural Funds.

	<b>Other States</b>	<b>Cohesion States</b>	<b>EU-15</b>
Motorways	15.5	10.6	14.3
Railways	56.2	24.4	48.4
High-speed rail	0.81	0.58	0.72
Inland waterway	12.4		9.3

*Source: Transport DG \* km per 1,000 square km*

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The implementation of the trans-European transport networks, paying particular attention to the needs of outlying and peripheral parts of the Community, would remain a key feature of EC policy, the paper also concluded. Priority would need to be given to creating and improving links between the major networks and regional and local infrastructure, and improving interoperability, it said. A further priority, meanwhile, would be the continuation of work aimed at maintaining a regulatory balance between the need to remove obstacles to free competition in the single market and the need to protect essential public services, in the interests of economic and social cohesion.

The European Parliament's rapporteur, Peter Crampton, complained, in his report, that the Communication was over a year late, and that it lacked depth and analysis. "It does not propose concrete action nor a real strategy for the future", he said. The EP's formal response to the paper came in a Resolution adopted during May 1999. The Resolution said it was necessary to improve

links between less prosperous areas and economically stronger regions; and it emphasised the importance of “interlinking trans-European networks with the regional and local networks . . . to ensure that the integrated system is of maximum benefit to citizens”.

## THE TRANS-EUROPEAN TRANSPORT NETWORKS

Following the ratification of the Maastricht Treaty, the Commission quickly sought to take advantage of the new provisions on TENs. In March 1994, it put forward a draft Decision setting out comprehensive “Guidelines” for a multimodal trans-European transport network. The aim of the Guidelines Decision was to act as a reference framework to help Member States plan infrastructure development on the basis of Community, rather than national, considerations. It laid down basic objectives and priorities for the evolution of the networks, and established criteria for defining “projects of common interest” which would then be eligible for Community funding.

The Council reached a Common Position in September 1995 and was keen to press ahead with adoption. However, the legislative process was significantly delayed by the European Parliament, initially due to the mid-1994 elections, but, more importantly, because of the institution’s desire to fully use the new codecision powers, introduced into this policy area by the Maastricht Treaty. Following a lengthy conciliation procedure, the Parliament won some concessions from the Council, particularly on procedural matters, but also on the inclusion of a clause requiring environmental assessments. The Decision was formally adopted in July 1996.

*Original TENs Decision held up by Parliament*

### **The TENs Guidelines Decision defining projects of common interest**

The Guidelines Decision states that “the trans-European transport network shall be established gradually by 2010 by integrating land, sea and air transport infrastructure networks throughout the Community”. Its objectives are, inter alia, to “ensure the sustainable mobility of persons and goods within an area without internal frontiers under the best possible social and safety conditions while helping to achieve the Community’s objectives, particularly in regard to the environment and competition, and contribute to strengthening economic and social cohesion”.

The priorities for meeting these objectives, it says, shall be:

- a) establishment and development of the connections, key links and interconnections needed to eliminate bottlenecks, fill in missing sections and complete major routes;*
- b) establishment and development of infrastructure for access to the network, making it possible to link island, landlocked and peripheral regions with the central regions of the Community;*
- c) the optimum combination and integration of the various modes of transport;*
- d) integration of environmental concerns into the design and development of the network;*
- e) gradual achievement of interoperability of network components;*
- f) optimisation of the capacity and efficiency of existing infrastructure;*
- g) establishment of and improvement in interconnection points and intermodal platforms;*
- h) improved safety and network reliability;*
- i) the development and establishment of systems for the management and control of network traffic and user information with a view to optimising use of the infrastructure;*
- j) studies contributing to improved design and better implementation of the trans-European transport network.”*

*The priorities for trans-European transport networks*

The Decision identifies six specific infrastructure networks for development, covering the following sectors: roads, rail, inland waterway and inland ports, seaports, airports, and combined transport. Further specifications are laid down for three other networks: shipping management and information, air traffic management, and positioning and navigation. The text of the Decision in each case defines the scope of the networks, while detailed annexes contain specific criteria for defining projects of common interest, as well as indicative maps of the planned road, rail, combined transport and airport networks.

Overall, the planned networks encompass roughly 78,600km of conventional and high-speed rail infrastructure, 74,000km of roads, and some 250 airports, as well as substantial sections of inland waterway. Although a major part of each network already existed at the time of the Decision, the upgrading of inadequate infrastructure and the construction of missing links was, and remains, a massive undertaking (concerning at the time some 33,000km of rail and 27,000km of roads, for example). The Commission estimated that completion of these networks would cost Ecu400bn. Since the adoption of the Guidelines Decision, the Commission has also calculated the benefits of the policy: an increase in Community GDP of Ecu500bn by 2030, and the creation of between 600,000 and 1,000,000 permanent jobs.

*The length and breadth of the transport TENs*

By the end of 1997, work on transforming the TENs from a plan into a reality was well under way. In its first implementation report, published in October 1998, the Commission revealed that

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overall investment in the transport TENs, by the EU, the Member States and financial institutions had amounted to some Ecu38.4bn. More than Ecu15bn had gone towards rail projects, and over 17,000km of planned high-speed and conventional line was either complete or under construction. Similarly, Ecu14.6bn had been spent on roads projects, with 7,000km of planned infrastructure under construction, and a further 2,000km completed. Over Ecu8bn had been spent on airport projects. Other sectors had also received substantial, if smaller, investments.

### Drawbacks concerning seaports and intermodality

However, the Guidelines had certain drawbacks. Firstly, although they contained basic criteria for identifying seaport projects of common interest, they did not give any idea of the number of eligible ports, or of the size and scope of any planned network, as provided for other sectors by means of outline maps. (The Commission's original proposal had been cautious with regard to seaports, so as to avoid certain opposition from Member States known to be concerned about discrimination against ports which would not be part of the network. This failing was criticised by the European Parliament, and led to a Commission statement, attached to the legal Decision, in which it made a commitment to revisit the issue and, possibly in 1997, put forward a proposal for seaports along the lines of that for airports.)

*Failure to identify intermodal connection points*

Secondly, although the Guidelines were designed to provide a framework for the development of an integrated transport network, and to encourage modal interchangeability, they followed what was essentially a link-based approach, identifying the main corridors for development on a modal basis. Consequently, they largely failed to identify important intermodal connection points, such as inland ports or trans-shipment facilities, or to set out criteria for selecting projects of common interest associated with them. Indeed, the only interconnection points explicitly defined in the Guidelines are airports. Towards the end of the 1990s, with the development of the TENs increasingly being viewed in terms of their contribution to mainstream transport policy, and with intermodality being promoted as a key component in the establishment of a sustainable transport system (Chapter Thirteen), the pressure for including such interconnection points within the networks had become irresistible.

### A first revision of the TENs Guidelines

The Commission put forward a proposal, in December 1997, to remedy both drawbacks. It set out new criteria for the inclusion of seaports in the TENs, based on their annual traffic flows, and it showed the location of all such ports on an indicative map. The draft Decision also laid down basic criteria for the inclusion of inland ports and intermodal freight trans-shipment facilities in the networks, and a revision of the existing indicative maps of the planned combined transport network, in order to place them in a network context.

*Parliament calls for higher freight traffic threshold*

Over a year later, during its first reading under the codecision procedure in March 1999, the Parliament, concerned about how far the TENs budget would stretch, proposed that the minimum criteria for inclusion of seaports in the TENs should be freight traffic of 1.5mt/yr (as opposed to the 1mt/yr level suggested by the Commission); and, for inclusion of inland ports, the freight traffic volume should be at least 500,000t/yr. In the case of both seaports and inland ports, the EP called for a clause stating that "enterprise-related port superstructure investments and operating aids for this purpose are not eligible for Community financial aid in the field of trans-European networks". As an exceptional measure, its amendments went on to say, "port superstructure activities may be supported by the Cohesion or Structural Funds in eligible regions, provided this does not impair fair competition between and within the seaports of the Community". These changes were not acceptable to the Commission, which presented, in June 1999, an amended proposal, taking account of other lesser changes called for by the EP.

*Common Position on the seaport categories*

The Council held a first exchange of views on the dossier in March 1999, and agreed that there should be better definition of ports and terminals through the use of indicative maps, and that quantitative criteria should be used to define which seaports are included. Then, in June, it agreed a Common Position which would, if accepted by the Parliament, divide seaports into three categories: those handling annually over 1mt of freight or 200,000 passengers; those handling 0.5-1mt of freight or 100,000-200,000 passengers; and island ports, for which there are no traffic flow criteria. For inclusion in the network, inland ports would need to account for over 0.3mt freight annually, or else be equipped to handle intermodal traffic. Significantly, the Council decided to exclude intermodal terminals, largely because of concerns, from the Mediterranean States, about spreading the available funds too thinly, especially with the future inclusion of the satellite navigation project (Chapter Thirteen).

A potentially far more fundamental revision to the Guidelines (than the inclusion of seaports) is also in the pipeline. In a report on implementation of the TENs policy published in October 1998, the Commission called for comments on a number of possible changes to the legislative framework, in order to provide input for a white paper on the future of the TENs, itself likely to be the forerunner to new legislative proposals in 2000. One key change under scrutiny is the link between the TENs selection process and the setting of investment priorities. The Commission has suggested alternatives could include the development of a systematic approach to identifying trans-European benefits in individual projects and corridors; or an approach under which the existing dense modal networks would be overlaid to create a set of “priority multimodal corridors” for favoured development.

*More fundamental revisions of the TENs expected*

### **Loyola de Palacio’s intentions for the transport TENs**

In her written submission to the Parliament’s hearings of the nominee Commissioners in August/September 1999, the Transport Commissioner, Loyola de Palacio, gave MEPs a broad outline of how she intended to develop the Guidelines revision process. She told MEPs, they would be able to examine the formal proposals in 2000, but she would first put forward a report. She said: “*Such a report will provide a suitable framework for debate and make it possible, during the formal procedure, to take account of the legitimate interests of the various economic groups, transport operators, Member States, regional authorities and of course the European Parliament.*”

As regards the priorities for updating the TENs guidelines, she stated: “*It will be important to understand the reasons for the growing dominance of road transport and to study the impact in terms of the need for new infrastructure, particularly for physical links which are currently lacking and obstacles to optimum use of the network. In this context, I think that seeking complementarity between modes to enable better use to be made of the modes described as the most sustainable will be fundamental. This will require a study of the potential of rail freight and combined transport links and of shipping routes, as well as of the scope for increasing the level of interoperability, for example as regards intermodal terminals and secondary airports. All this must go hand in hand with a better consideration of environmental constraints and of quality and transport service aspects, where the contribution of intelligent transport systems should be stressed.*”

*A need to understand the growing dominance of road transport*

As regards the progress of this TENs development process, it is clear that Member States are responsible for financing, constructing and operating the networks. Nevertheless, the Commission has a prime role to play. Not only because it can contribute to the financing of networks and because it must ensure close cooperation with the Structural and Cohesion Funds and the European institutions concerned with infrastructure investment, such as the European Investment Bank, but also because it must cooperate intensively with the Member States to ensure that national programmes to create the TEN reflect the priorities stated in the Community guidelines.”

### **Defining priority projects - the Christophersen Group**

In parallel to the lengthy inter-institutional procedures for adopting the original Guidelines legislation on TENs, there was a separate, political process under way. As early as 1993, it had become obvious that the realisation of the TENs would demand the commitment of huge resources by the Member States. In its 1992 white paper on growth, competitiveness and development, therefore, the Commission recommended a number of ways in which their implementation could be accelerated. A key suggestion was that efforts and resources, including Community funding, should be concentrated on a small selection of high priority projects.

Following agreement on the idea by the Member States at the December 1993 Brussels European Council, a group of Member States’ experts, chaired by the then Commission Vice-President Henning Christophersen, was convened to examine ways of accelerating work on the TENs, and to identify potential priority projects. The group, which also looked at telecommunications and energy networks, but focused mainly on transport, met regularly throughout 1994. Under the terms of the Brussels European Council mandate, it looked for projects which were of common interest (for example cross-border projects); economically viable; of large scale, bearing in mind factors such as the size of the Member State involved; able to contribute to EU objectives such as economic and social cohesion; compatible with other EU policies, notably on environmental protection; and “of a high level of maturity”.

*Characteristics of the priority projects*

Reporting back to Essen European Council, in December 1994, Christophersen applauded the group’s efforts: “*For the first time ever, the Community and the Member States - and very often with private operators - sat down to coordinate the implementation of projects of trans-European importance.*” The group found that achieving the TENs objectives would be difficult due to the scale of investment

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needed, the low profitability of many projects, and variations in Member States regulatory frameworks and traditional approaches to infrastructure development. In this context, it said, identifying priority projects and finding ways of accelerating work on them would prove most useful.

**The Essen summit's choice of 14 projects - needing Ecu91bn**

The Christophersen group's report recommended that 14 projects, representing a total investment of Ecu91bn, should be accorded priority status. Reflecting the EU's established policy of promoting alternatives to road transport, the projects were weighted heavily in favour of rail. The list of 14 projects was endorsed by the Essen summit, and subsequently included as an annex to the transport TENs Guidelines Decision. According to the schedule set at the time, work on all projects was to have begun by the end of 1996, and roughly half of the investments should have been carried out by 1999.

In its 1998 annual report on the TENs, the Commission noted "significant progress" had been made on all of the 14 priority projects. Three of them were close to completion, it said, the Cork-Dublin-Belfast-Larne-Stranraer rail link, the Oresund fixed link and Malpensa Airport (which actually opened in October 1998). Moreover, it noted, "all are under construction or at an advanced state of preparation and most are likely to be completed by around 2005".

Although the 1998 report eschewed discussion of difficulties, the Commission noted, in an earlier report specifically on the priority projects prepared for the June 1998 Cardiff European summit, that there had been "slippage" on five projects, which were then behind schedule (projects 1, 6, 8, 12, and 13 - see box). It attributed the delays to a number of factors, notably the intrinsic complexity of the projects, which meant that the original timescales were unrealistic. In addition, the budgetary constraints imposed by Member States preparing for the introduction of the single currency had been reflected in overall public spending on infrastructure, and was presenting problems for certain projects.

*Some slippage reported on five of the priority projects*

**Financing the development of the transport networks**

Identification and prioritisation of projects with added European value has been a major policy process for the EU, but funding of the projects is another, more difficult issue altogether. In principle, infrastructure investments are a matter for the Member States themselves, with the Community playing a coordinating role. Nevertheless, significant funds from or through the EU budget are available. Most of this is channelled via the regional programmes (see table), but, in September 1995, the Council adopted a dedicated Regulation to provide the legal basis for disbursing Ecu2.35bn, between 1995 and 1999, to support TENs in all three eligible sectors (i.e. transport, telecommunications and energy), with most of the funding for transport. The primary objective of providing the funds is to help projects gain sufficient momentum in the early stages so as to attract private financing or to facilitate the use of national or regional public monies.

<b>The Essen priority TENs transport projects</b>		
	<b>State of financing</b> (as of approximately mid-1999)	<b>Cost</b> (Ecu m)
1) High-speed train (HST)/ Combined Transport (CT) North-South	Partly secured, some difficulties remain	15,102
2) HST PBKAL (Paris-Brussels-Cologne/ Frankfurt-Amsterdam-London)	Largely secured, some difficulties remain PPP for Dutch section	17,232
3) HST South	Partly secured, some difficulties remain	14,072
4) HST Paris eastern France-southwest Germany (TGV Est)	Largely secured	4,777
5) Betuwe Line	Possibilities for PPP being explored	4,094
6) HST/CT France-Italy	Partly secured, some difficulties remain	18,260
7) Greek motorways (Via Egnatia, Pathe)	Three PPP schemes secured on Pathe	9,242
8) Multimodal link Portugal- Spain-Europe	Support from ERDF and Cohesion Fund expected some difficulties remain	6,212
9) Cork-Dublin-Belfast-Larne-Stranraer conventional rail link	No difficulties	356
10) Milan Malpensa airport	Financing in place	1,047
11) Oresund fixed rail/road link	Financing in place	4,158
12) Nordic Triangle multimodal corridor	Partly secured, some difficulties remain	10,070
13) Ireland-UK-Benelux road link	Uncertainties remain	3,629
14) UK West Coast main line (rail)	Financing secured PPP	3,000

*Source: COM/99/410*

The TENs Regulation can provide up to 50% of the cost of preparatory, evaluation and feasibility studies and other technical support measures, as well as interest subsidies on loans, loan guarantees and direct grants for projects. Total Community aid for any particular project must not exceed 10% of its overall cost. The June 1995 Cannes European Council decided to direct three-quarters of the total TENs funds for transport towards the 14 priority projects.

Even by the end of 1995, financial shortfalls were already apparent. Several Member States, which were restricting public spending in an effort to meet the Maastricht convergence criteria, sought additional Community funding to give the schemes some momentum. The Commission agreed in principle, and, in April 1996, suggested a further Ecu1.7bn of EU funds should be dedicated to the transport TENs during the period 1997-99, with Ecu1bn going to the transport priority projects. However, the Council rejected the allocation of additional resources.

*Commission proposal for more funds rejected by the Council*

In March 1998, as part of its Agenda 2000 reform package, the Commission proposed a substantial overhaul of the TENs financial Regulation, to allow more effective multiannual planning and management of TENs schemes, to facilitate public-private partnerships, and to change the types of permitted financing. Following the entry into force of the Amsterdam Treaty, the proposal required a codecision of the Parliament and the Council. This was achieved without the need for conciliation in the first half of 1999 and the law entered the statute books in July.

*TENs financial Regulation updated for 2000-06*

Under the terms of the updated Regulation, the EU's TENs programme will be able to draw on a budget of Eur4.6bn (as opposed to the Eur5.5bn suggested by the Commission) between 2000 and 2006, with at least 55% of the funds for transport to be devoted to railways, including combined transport, and a maximum of 25% to roads. Exceptionally, up to 20% of the total cost of certain satellite navigation systems projects may be granted under this Regulation from January 2003 (otherwise the figure remains 10% as defined under the original rules). Although the Regulation allows for multiannual indicative programming, it does not allow multiannual budget commitments.

### **Focus on public-private partnerships as a means of raising finance**

The Christophersen Group, when considering ways in which development of the TENs could be accelerated, identified public-private partnerships (PPPs) as a potential means of promoting private finance for TENs. A high-level group was set up by the Transport Commissioner, Neil Kinnock, in September 1996 to look at ways of remedying the various problems associated with PPPs and at how to encourage them. The group's findings led to a Communication in September 1997, in which the Commission committed itself to revising guidelines on the application of procurement legislation to transport concessions (Chapter Two). It also said it had begun discussions with the European Investment Bank (EIB) and the European Investment Fund (EIF) on the possible development of structurally subordinated and early operational loans, as well as other "innovative and proactive" ways of supporting TENs, and that it was consulting widely on the possibility of setting up a mezzanine fund focused on TENs.

Separately, the Commission adopted a second short Communication outlining how competition rules would be applied to PPPs in the transport sector. In particular, it noted that capacity reservation agreements, under which companies contributing to the financial equilibrium of an infrastructure project were to be given guaranteed usage rights, could be allowed under certain conditions, i.e. that the opportunity to reserve capacity was also offered to all other interested parties; that the extent of reserved capacity was proportional to the company's financial input to the project; and, that not all capacity was reserved. Such agreements, it indicated, would be scrutinised on a case-by-case basis.

*Communication on application of competition rules to PPPs*

The EU's transport ministers, meeting in October 1997, examined the PPP issue, and adopted Council Conclusions stressing the importance of the TENs "for the smooth functioning of the

### **EU funds committed for TENs transport projects (Ecu m)**

	1993-94	1995	1996	1997	1998	Total
Loans - EIB <sup>1,2</sup>	3,847	3,819	3,504	4,943	4,415	20,529
Guarantees - EIF <sup>1,2</sup>	76	85	303	55	72	591
Subsidies - Structural Funds <sup>2</sup>	884	115	2,639	527	219 <sup>3</sup>	4,384 <sup>3</sup>
Subsidies - Cohesion Fund	1,887	1,108	1,221	1,251	1,337	6,805
TENs budget (grants, loans, etc)	385	240	280	352	474	1,731
(of which 14 priority projects)	180	182	211	211	305	1,089)

*Source: COM/99/410*

<sup>1</sup> Signed contracts; <sup>2</sup> TENs and TENs-related projects; <sup>3</sup> incomplete figure

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*New methods of financing by the EIB and EIF*

internal market, for competitiveness, for economic growth and social and economic cohesion, and consequently for long-term development of employment”, and underlining “the persistence of financing problems for transport infrastructure projects, notably due to public spending constraints”. The ministers supported the Commission’s overall strategy, and its intention to discuss new methods of financing with the EIB and the EIF. It also invited the Member States “to use, where possible or opportune, all the appropriate instruments, including existing Community instruments, with a view to developing PPP formulas”.

Subsequently, at the Luxembourg employment summit, held in November 1997, the EIB effectively gave its backing to the policy. It used the occasion to launch an Ecu10bn action plan, partly aimed at producing more flexible conditions for TENs loans and encouraging PPPs.

**External aspects of the trans-European networks**

More or less since the inception of the TENs policy, the Commission has been aware of the advantages to the EU and to the Countries of Central and Eastern Europe (CEEC) in promoting coordinated transport infrastructure development across the whole of Europe. An important impetus for this strategy came at the Second Pan-European Transport Conference, held in Crete in 1994, which agreed that investments should be focused predominantly on nine pan-European ‘Corridors’, and that cooperation to develop these corridors should be implemented on the basis of Memoranda of Understanding between the countries involved. At the Conference, the Commission proposed criteria - largely based on the EU’s TENs policy - for Corridor projects seeking public finance. These criteria were widely accepted by the CEEC, and continue to be used for all projects involving EU funds.

*Call for a Europe-wide transport networks partnership*

In preparation for the Third Pan-European Transport Conference in 1997, the Commission put forward a Communication in which it called for the replacement of the EC’s “somewhat piecemeal” initiatives towards third countries with a more comprehensive strategy aimed at producing “a Europe-wide transport networks partnership”. A key element of this strategy, it said, would involve developing a system of pan-European transport ‘Areas’ to cater for parts of Europe which needed special attention in order to “determine the optimal mix of links, nodes, and shipping and aviation facilities” and for which the Corridors concept was not appropriate. The concept was endorsed at the Conference, resulting in the creation of the Black Sea Area, the EuroArctic Area, the Mediterranean Area, and the Adriatic and Ionian Sea Area. The creation of a 10th transport Corridor, through the former Yugoslavia, was also approved.

*The pan-European transport Areas*

<b>The Crete Corridors</b>	
I	Rail/road link Helsinki-Warsaw
II	Rail/road link Berlin-Moscow
III	Rail/road link Berlin-Kiev
IV	Rail/road link Dresden-Thessaloniki-Istanbul
V	Rail/road link Trieste-Lvov
VI	Rail/road link Gdansk-Zilina
VII	Danube river link
VIII	Rail/road link Durrës-Varna
IX	Rail/road link Helsinki-Alexandroupoli
<i>Source: COM/97/172</i>	

Some two years prior to the Third Conference, however, the Commission had launched a process of planning and development with respect to TENs and the CEEC in the context of the EU plans for enlargement. Following ministerial talks between the Council of Ministers and the CEEC within the so-called ‘Structured Dialogue’ (Chapter Fifteen), the “Transport infrastructure needs assessment” (TINA) process was launched in September 1995. It was designed to provide a comprehensive evaluation of existing transport infrastructure in the applicant states, to analyse their needs, and subsequently to identify priorities for development and projects of common interest. A TINA secretariat, based in Vienna, was set up to coordinate the process and prevent duplication of efforts, as well as to plan for the future and channel funding.

**The TINA process to define the CEEC networks**

The first phase of the process was concluded at a ministerial conference held in Vienna in June 1998, attended by officials from the Member States and applicant countries, and chaired by the Commission. The conference endorsed a basic outline plan for a transport system - the TINA network - extending the TENs into the CEEC. Based on the existing development Corridors and Areas, the outline included a backbone of over 18,000km of roads and 20,000km of rail line, as well as a selection of airports, seaports and river ports.

Although the system would be half as dense as the EU’s TENs, and although there would be a strong emphasis on rehabilitating existing infrastructure, the cost of completing the TINA network by the target date of 2015 was estimated at a huge Eur92bn. The Commission argued that, in most



cases, the applicant states would be able to meet the costs if they maintained spending on infrastructure at roughly 1.5% of GDP (compared to a figure of roughly 2% for the EU's Member States). However, it also admitted that in some countries, notably Bulgaria, this level of investment would probably be inadequate, and the 2015 target date might not be met.

Following the completion of the first phase of the TINA process, the Commission launched a second phase, to assess the needs of the TINA network in more detail, with a view to selecting priorities for development, and determining the optimal modal mix. A report containing this assessment was finalised in October 1999, and the Commission is expected to use its conclusions as a basis for selecting projects of common interest, eligible for EC funding. To start with, this funding will be provided under Phare (Chapter Fifteen), but subsequently it will come from the new Ispa instrument, introduced by the Agenda 2000 package (see below), which is to provide Ecu500m/yr in subsidies for transport infrastructure over the period 2000-06.

*Future funding of the TINA network*

<b>Cost estimates for proposed TINA network (Eur m)</b>											
	<b>Bul</b>	<b>Cze</b>	<b>Est</b>	<b>Hun</b>	<b>Lat</b>	<b>Lit</b>	<b>Pol</b>	<b>Rom</b>	<b>Slovak</b>	<b>Sloven</b>	<b>Total</b>
Road	2,263	5,829	290	4,632	376	517	14,612	5,139	4,603	2,576	44,304
Rail	2,130	3,771	259	4,030	942	1,317	17,550	5,192	1,915	3,011	37,119
I. waterway		398		400			437	258			1,493
River ports	55	25		92			0.4	135			306
Seaports	515		43		569	396	717	373		60	2,943
Airports	241	231	36	286	74	93	2,931	114	26	127	4,416
Terminals	73	9		726	28		177				1,012
<b>Total</b>	<b>5,278</b>	<b>10,202</b>	<b>628</b>	<b>10,166</b>	<b>1,990</b>	<b>2,322</b>	<b>36,423</b>	<b>11,211</b>	<b>6,543</b>	<b>5,744</b>	<b>91,595</b>

*Source: TINA Secretariat* NB: figures may not add up due to rounding

## REGIONAL POLICY SUPPORTED BY THE STRUCTURAL FUNDS

The European Commission is actively involved in promoting greater economic and social cohesion within the Union through the use of the so-called Structural Funds in support of regional policy. Throughout the 1990s, these funds were geared towards the following six so-called Objectives, known by their numbers: 1) promoting development in backward regions; 2) helping regions hit by industrial decline; 3) combating long-term unemployment; 4) support for retraining; 5) promoting the adjustment of agricultural and fisheries structures and the development of rural areas; and, 6) helping regions with extremely low population density.

*The six regional policy Objectives*

The Structural Funds include the European Social Fund (ESF) and the European Regional Development Fund (ERDF), both of which are based on Council Regulations (there are also two other funds, for agriculture and fishing). According to the principle of additionality, the aim of funding provided under these instruments is not to replace local, regional or national measures, but to complement them. Most funding for transport infrastructure comes from the ERDF, the largest of the funds, accounting for almost half of the Structural Funds budget. Assistance is mostly targeted at supporting small and medium-sized enterprises, promoting productive investment, furthering local development and improving infrastructure. In line with the latter priority, the Fund has become a major source of financing for trans-European transport network projects, and together with the Cohesion Fund (see below), accounts for some 85% of direct EC grants in the field.

*The principle of additionality*

### **The Community Support Frameworks**

By far the largest share of available Structural Funds finance - some 90% - is distributed through the Community Support Frameworks (CSFs), under which Member States submit proposals to the Commission for approval at the beginning of each programming period, outlining plans for the use of Structural Funds on a national basis. The CSFs underpin a variety of operational programmes which range from the general to the specific. Some Member States have dedicated transport programmes, while transport elements are often included within broader programmes.

*Examples of the Member States' programmes*

The CSF for Ireland for the period 1994-99, for example, includes an extensive programme aimed at improving road, rail, ports and airports infrastructure on a national and regional basis. Supported with Ecu888m from the ERDF, its aim is to "provide the republic of Ireland with a more efficient transport infrastructure as a means of promoting the development of the production sector, and enabling the creation of sustainable jobs and counteracting the negative effects of the country's remote location". Italy, also, is running a scheme to improve national rail infrastructure,

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including an ERDF contribution of Ecu701m over the funding period. The programme, which helps finance a number of major TENs projects, is aimed at improving the quality of rail infrastructure in the Mezzogiorno region.

While the CSFs allow the Member States, subject to Commission approval, to divert EU funding according to their own specific priorities, the so-called Community Initiatives are the means by which the Community itself demonstrates solidarity with underdeveloped regions. Ecu13.45bn, or 9% of the total financial allocation for the Structural Funds, were set aside for the programming period 1994-99 to support thirteen programmes, each with specific Community objectives.

**Interreg II for promoting cross-border cooperation**

The Community Initiative most directly related to transport is Interreg II. The programme, with an Ecu3.5bn allocation for 1994-99, has three strands. Interreg IIA is aimed at increasing cross-border cooperation; Interreg IIB is concerned solely with energy networks; and Interreg IIC concentrates on improving transnational cooperation in regional and spatial planning matters, mostly in the area of water, but also including some transport issues. The latter component was introduced in 1997.

A variety of project types are eligible for funding under Interreg IIA, according to guidelines set by the Commission; two of these areas have a specific reference to transport: "measures in the fields of energy, telecommunications and transport, aimed at implementing the trans-European networks"; and "measures in areas seriously deficient in infrastructures, improving transport and other communications systems . . . within and between border areas by the creation or modernisation of infrastructures".

Many of the Interreg II Decisions were taken early on in the funding period. For example, an Ecu23m programme to support German/Dutch cooperation was approved in 1995 with an EC contribution of Ecu11.5m. It involved actions in infrastructure, transport, the environment and countryside, training and the labour market, and socio-cultural integration. An Ecu22.6m programme for cross-border cooperation in the southern coastal zone of Finland together with Estonia and other Baltic states was agreed in 1996 with an Ecu6m contribution from the EC. One of its three principles lines of action was described as "the enhancement of transport connections and traffic, reducing the barrier effect of sea and borders by opening new connections and promoting passenger and freight volume while reducing the environmental traffic load". Also in 1996, the Commission agreed to contribute Ecu4.5m to an Ecu10.8m programme of cooperation

*Examples of Interreg transport projects*

**Financing by the ERDF in the field of transport  
Objective 1 regions (Ecu m)**

	Bel	Fra	Ger	Gre	Ire	Ita	Net	Por	Spa	UK	Total
Road	61	175	129	1,950	907	708	28	846	5,007	41	9,722
Rail	5	5		329	72	971		338	527	62	2,310
Airports	13	57		16	48	5			213	4	356
Ports		50		145	98	40		68	297	17	712
Other*	8			6	279	107	1	134	28	5	570
Tech. assist.				50	7			2		10	69
<b>Total</b>	<b>87</b>	<b>287</b>	<b>129</b>	<b>2,496</b>	<b>1,406</b>	<b>1,832</b>	<b>29</b>	<b>1,389</b>	<b>6,073</b>	<b>139</b>	<b>13,739</b>

Source: COM/98/806 NB: figures may not add up due to rounding; \* public transport, intermodality etc.

**Financing by the ERDF in the field of transport  
Objective 2 regions (Ecu m)**

	Aus	Bel	Den	Fin	Fra	Ger	Ita	Net	Spa	Swe	Total
Road			0.12		60			10	327		397
Rail					13			2	80		96
Airports		5	0.2			13					19
Ports		4	3		52		25	1	33		117
Other*	3				6	19	10	34	59		131
Other measures				7				2		5	14
<b>Total</b>	<b>3</b>	<b>9</b>	<b>3</b>	<b>7</b>	<b>131</b>	<b>32</b>	<b>35</b>	<b>49</b>	<b>499</b>	<b>5</b>	<b>773</b>

Source: COM/98/806 NB: figures may not add up due to rounding; \* public transport, intermodality etc.

designed to counteract various problems - such as long distances and poor infrastructure - in the inner Scandinavian regions of Sweden and Norway. More than 30 other Interreg II programmes included transport elements to one extent or another.

Some projects with transport components are also found within other Community Initiatives, such as Urban for the regeneration of crisis-struck areas in medium-sized and large towns (Ecu885m in 1994-99), and Regis II for the integration of the remote regions (Ecu608m in 1994-99).

*Other Community Initiatives such as Urban and Regis*

Although most EC grant funding for transport infrastructure comes from the ERDF, the Cohesion Fund is also a major source of grants for transport projects. Established by the Maastricht Treaty, the Cohesion Fund provides the basis for EU financial contributions to environment and trans-European transport network projects in the least affluent Member States; i.e. Ireland, Spain, Portugal and Greece. At the December 1992 Edinburgh European Council, the EU's leaders agreed it should allow a doubling in real terms of EC assistance to Objective 1 areas in those countries.

### **A special fund for the four Cohesion States**

The Cohesion Fund was formally established in 1994 with a budget of Ecu15.15bn (in 1992 prices) for the period 1993-99. Spain, the largest beneficiary, was entitled to between 52% and 58% of the total, Portugal and Greece to 16-20%, and Ireland to 7-10%. It was also decided there should be an equal distribution of funding between transport infrastructure and environment projects. Therefore, although spending on transport projects initially absorbed the greater part of the budget, in the latter years of the financing period a greater emphasis was placed on environment schemes. For the period as a whole, the Commission indicated that 69% of the available funding for transport projects would be for roads and motorways, 23% for railways, 4.4% for airports, 3% for ports, and 0.5% for vessel traffic systems.

In practice, the Fund functions in a different manner to the ERDF, in that it provides direct grants for individual TENs projects and schemes, rather than funding them through overall regional programmes. The major beneficiaries of the Fund have included the five of the 14 priority Essen projects which are located in the Cohesion States (i.e. projects 3, 7, 8, 9 and 11). Between 1993 and 1997, the Fund paid out over Ecu1.5bn in direct grants to these schemes alone, the Commission stated in its 1997 annual report on the Fund.

*Examples of Cohesion Fund transport projects in Spain*

In Spain, for example, the Cohesion Fund annual report for 1997 showed that the largest proportion of money committed that year was for road projects, including some new ones such as the Rias-Bajas motorway (Ecu47.1m in 1997), the Madrid-Valencia motorway (Ecu204.8m), and the Salamanca-Fuentes de Ouro section of the Lisbon-Valladolid road corridor (Ecu4.9m). Ecu157.6m was committed for construction of a key section of the Madrid-Barcelona high-speed rail link. A decision was also adopted in 1997 to grant Ecu8.3m to several vessel traffic system projects relating to the control of maritime traffic and the fight against marine pollution.

In Greece, about Ecu60m was committed in 1997 to work on the East-West Pathe motorway, and approximately Ecu65m was earmarked for the North-South Via Egnatia highway. Among the developments in 1997 noted by the Commission with regard to Portugal, was a proposal to redefine the Lisbon-Valladolid road corridor as a "Portugal-Spain-rest of Europe multimodal link". Funds in Portugal went towards projects involving several ports, the Madrid-Lisbon motorway (Ecu34m), the upgrading of rail infrastructure between Pampilhosa and Quintans (Ecu66.1m), and improvements to Funchal airport, on Madeira. In Ireland, Ecu20.1m was committed, during 1997, to projects along the Cork-Dublin-Belfast rail corridor; Ecu3.3m to the Dublin, Cork and Rosslare ports; and Ecu88.1m to road projects, such as Dublin-Belfast (Ecu23.4m), the Dublin ring road (Ecu11.4m), and Dublin-Cork-Limerick (Ecu20.9m). Many of the projects went on to receive further funding in 1998 and 1999.

*Projects in Greece, Portugal and Ireland*

### **Assessing the impact of the Community's regional policies**

The use of EU structural instruments and their effectiveness is monitored by the Commission, which sends regular reports, for example on the use of the Structural Funds, to the Council and Parliament. During most of the 1993-99 funding period these reports were rather cautious in tone, and unwilling to claim huge improvements in reducing the difference in prosperity between the poorer regions and the EU average. Indeed, even the Commission's first cohesion report, in November 1996, which examined this issue specifically, detected only "the first signs of convergence". However, in its sixth periodic report on the regions, published in February 1999, the Commission took a more unambiguous stance.

Over the 10 years from 1986 to 1996, the report said, GDP per head in the 25 poorest regions rose from 52% of the EC average to 59%, while GDP per head in the four Cohesion States rose from

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65% of the average to 75%, and was forecast to have risen to 77% by 1999. The then Regional Development Commissioner, Monika Wulf Mathies, responded enthusiastically to the findings: “This is an unusually rapid pace of convergence, both from a historical and global perspective, and a significant part thereof is attributable to the Structural Funds.”

### The Agenda 2000 Communication and proposals

In its July 1997 Agenda 2000 Communication and March 1998 proposals, the Commission called for a wholesale reform of the Community’s financial instruments in preparation for enlargement of the EU. It suggested that financing should be concentrated most effectively on the regions with the greatest need in order to maximise the leverage effect of Community finance in attracting investment, and in order to ensure that the limited available resources could be used most effectively.

*Community Objectives reduced to three*

The Commission said that, for the period 2000-06, the number of Objectives should be reduced from six to three: 1) promoting development in the most backward regions (this would be similar to the existing Objective 1, i.e. where per capita GDP is less than 75% of the EC average, and would also automatically cover the existing Objective 6); 2) support for regions undergoing socio-economic change in the industrial and service sectors, declining rural areas, urban areas in difficulty, and depressed areas dependent on fisheries; 3) support for the development of human resources outside of Objective 1 areas.

The package of draft laws included one each for the four Structural Funds, a general draft Structural Fund Regulation to facilitate the coordination of the various instruments, a draft Regulation on the Cohesion Fund, and a further proposal for a new “Instrument for Structural Policies for Pre-Accession (Ispa)”. The Commission justified the prolongation of the Cohesion Fund, largely in its existing form, because, it said, there could be no doubt that even the most successful of the poorer Member States still had considerable deficiencies in terms of infrastructure and other types of public goods when compared to the rest of the Community. It recommended an overall budget of Ecu21bn, allowing Ecu3bn to be disbursed annually.

*The new Ispa financial instrument for transport and the environment*

A key innovation contained in the Agenda 2000 package, however, was the proposed extension of the Cohesion Fund concept to the accession states through the use of the new Ispa instrument aimed at providing EC support for large-scale transport and environment projects. The Commission proposed Ispa should become the key instrument for supporting the extension eastwards of the Community’s transport TENs and the creation of the TINA network in the CEEC. Total assistance could amount to up to 85% of total public or equivalent expenditure on a project. Funding for transport projects, it said, should be granted on the basis of several factors, i.e. their contribution to promoting sustainable mobility; the criteria for defining projects of common interest, as laid down in the TENs guidelines; and the extent to which they would help the beneficiary countries meet their enlargement commitments.

### New Regulations for financing regional policy in 2000-06

Final adoption of the Agenda 2000 package of laws took place in June 1999. The new Council Regulation for the Structural Funds, which will operate for seven years from January 2000, provides for the allocation of Eur195bn (at 1999 prices), 69.7% of which is for Objective 1, 11.5% for Objective 2, and 12.3% for Objective 3. A further 5.35% is allocated to the new generation of Community Initiatives - down from 13 to four: Interreg, Urban, Leader (rural development), and Equal (measures to combat discrimination). A total of Eur4.875bn will be for Interreg, and Eur0.7bn for Urban. Two further Regulations (agreed by the Council and the Parliament) provide the legal base for the European Regional Development Fund, and for the European Social Fund.

*Allocation of funds for the various new Regulations*

There are two Council Regulations for the new phase of the Cohesion Fund. The first confirms that Spain, Greece, Portugal and Ireland are to be the beneficiaries of the grant programme, and allocates Eur18bn to the programme, with Eur2.615bn/yr for the first four years, Eur2.515bn/yr for the next two years, and Eur2.51bn for 2006. In the event that a Member State becomes ineligible under the terms of the Fund, the resources will be reduced accordingly. Some 61-63.5% of the total is indicated for Spain, 16-18% for Greece, 16-18% for Portugal, and 2-6% for Ireland. The other Regulation amends the second annex of the original 1994 law so as to improve the effectiveness of the programme’s management and financial control.

Under the Ispa Council Regulation, the Community will provide assistance for environment measures, and for “transport infrastructure measures which promote sustainable mobility, and in particular those that constitute projects of common interest based on the criteria of Decision

1692/96/EC and those which enable the beneficiary countries to comply with the objectives of the Accession Partnerships; this includes interconnection and interoperability of national networks as well as with the trans-European networks together with access to such networks". Supported projects are to be of a sufficient scale "to have a significant impact" in the improvement of transport infrastructure networks, and should not normally cost more than Eur5m. About Eur1bn/yr has been set aside within the Community budget to fund Ispa.

### **Formal guidelines for future EU grants to transport projects**

In September 1999, the Commission published formal and quite detailed guidelines, for the Structural Funds and their coordination with the Cohesion Fund, focusing on regional competitiveness, employment strategies, and urban and rural development. Transport issues are largely considered within the context of regional competitiveness. In general terms, the guidelines dictate that infrastructure investments should "place particular emphasis on connections and interconnections with the trans-European networks where they need to be completed". They note that public-private partnerships in the development of infrastructure and service provision should be encouraged "where appropriate", but that programme authorities should ensure assistance granted "is in conformity with Community competition rules".

The guidelines state that "efficient transport networks and systems have an integral role to play in supporting economic development", and, for this reason, "future regional development programmes should promote improvements to transport that remove constraints faced by business and passengers". Moreover, "such investments should seek to reduce transport costs, congestion and travel times, and improve network capacity, performance and service quality, including safety". With these goals in mind, the guidelines require transport investments to focus on four basic priorities:

#### Efficiency

Efficiency should be improved. Transport infrastructure should be modernised, and the transport systems should be better managed, through the development of intelligent transport systems and interoperability.

#### Modal balance

There should be a better balance of funding between modes. Most Structural Funds investment currently goes towards the roads sector, but, in future, greater emphasis should be given to the development of intermodal and combined transport systems. Balance is also required for major transport systems and smaller-scale local improvements.

#### Accessibility

Where appropriate, transport programmes should reflect the need to improve regional accessibility. Efforts to promote the development of the TENs in eligible regions should be complemented by a focus on secondary connections to the networks, while account should also be taken of the access needs of people with mobility handicaps.

#### Sustainability

Community funding for transport should be embedded in consistent strategies adopted by the Member States for achieving sustainable transport systems. This necessarily involves reducing the environmental impact of transport, and encouraging a shift towards more sustainable forms of transport. In particular, regional development programmes have to be consistent with the Community's commitment to reduce greenhouse gas emissions.

Outside the less-developed regions, where transport infrastructure is usually well equipped, EU investment should be of a small scale and limited: "*In this regard, the ERDF, in coordination where appropriate with the EIB, could focus on the following actions: providing local links to improve intra-regional or local access; improving the compatibility and interoperability of transport infrastructure; developing intermodal and transfer nodes; and supporting urban and regional public transport systems.*"

In the section on rural and urban development, the guidelines suggest that Structural Funds subsidies should contribute to a reduction in disparities between the core and peripheral regions of the EU and encourage synergies between urban and rural development. The development strategy of each region must take account of the indicative guidelines laid down in the European Spatial Development Perspective (see below), in order to ensure that the impact of investment decisions is considered on a wider basis than the national perspective. "It is important", the guidelines say, "to take account of transnational effects in establishing investment priorities, notably in the transport sector".

The guidelines also state that Structural Funds programming in Objective 1 and 2 areas should include specific packages of measures aimed at improving the urban environment, for example

*Four priorities for the use of Structural Funds for transport*

*Small-scale and limited investment outside of less-developed regions*

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through the promotion of sustainable transport systems. They also insist that “the contribution of the Structural Funds to integrated territorial development must be backed by support for networks between urban centres and improved links between towns and rural areas”.

### The growing importance of Spatial Development Perspective

A growing interest in spatial planning issues at EU level through the second half of the 1990s, reflected in the creation of the Interreg IIC initiative, resulted in the development of the European Spatial Development Perspective (ESDP). The ESDP is a reference framework designed to help Member States to coordinate regional development within the EU to ensure it takes place in a balanced and efficient manner. It exists on the premise that, while the Member States, regions and cities of the EU are in economic competition with each other, policies implemented at all levels are becoming increasingly interdependent with repercussions going beyond national frontiers. For this reason, there is a need for increased cooperation on spatial planning matters.

*The first official draft of the ESDP*

The foundation for developing such a framework was laid at an informal meeting of regional development ministers, held in Leipzig in 1994. A “first official draft” of the reference document was then unveiled in Noordwijk in June 1997. It set out the fundamental goals of the ESDP as being the achievement of economic and social cohesion, sustainable development, and balanced competitiveness of European industry. Within this context, it suggested, the Member States should cooperate on developing a more balanced and polycentric system of cities and a new urban-rural relationship; promoting parity of access to infrastructure; and encouraging the prudent management and development of Europe’s natural and cultural heritage. Cooperation should seek to achieve a more integrated approach at the European level, and should take place at Europe-wide, transnational, inter-regional and inter-urban levels. It should take account of the “interests and policy priorities of the Member States and of the Union” as well as their “expected practicability and effectiveness in reducing spatial imbalances”.

With a view to achieving these goals, the draft ESDP made a number of policy recommendations. On the issue of infrastructure, it suggested the following priorities for improving accessibility and for promoting more efficient and sustainable use of infrastructure:

#### To improve accessibility

- a) Improvement of infrastructure, including ground and air transport services in landlocked, peripheral, ultra-peripheral, and other remote regions;
- b) Promotion of a more balanced intercontinental accessibility to and from the major ports and airports;
- c) Improvement of accessibility in areas without direct access to the major networks through efficient regional public transport.

*Recommendations on the sustainable use of infrastructure*

#### To promote more efficient and sustainable use of infrastructure

- a) Encouragement of location policies which reduce the dependence on private cars and encourage multimodal transport;
- b) Containment of road traffic on congested axes, e.g. by road pricing and inclusion of environment costs in transport;
- c) Promotion of multimodality and of combined transport on Euro-corridors. including exploitation of opportunities offered by European ports for coastal and short sea shipping;
- d) Shared and coordinated management of infrastructure where competition leads to over-supply;
- e) Improvement of links between transport services between the national and the regional levels, particularly in sparsely populated areas.

Formal debate on the draft ESDP, focusing on how the existing national and European legal frameworks could cope with implementing its recommendations, and looking at how cross-border cooperation in spatial planning could be extended beyond the provision already made in the Interreg programme, was launched at a ministerial seminar hosted by the Luxembourg Presidency in December 1997. Subsequent workshops and events at national level were followed by a major ESDP forum organised by the Commission in June 1998. The final version of the ESDP was due to be completed during 1999.