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*****I**

REPORT

on the amended proposal for a European Parliament and Council regulation on amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks
(COM(2002) 134 - C5-0130/2002 - 2001/0226 (COD))

Committee on Budgets

Rapporteur: Francesco Turchi

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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PROCEDURAL PAGE

By letter of 3 December 2001 the Commission submitted to Parliament, pursuant to Article 251(2) and Article 156(1) of the EC Treaty, the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks (COM(2001) 545 - 2001/0226(COD))¹.

At the sitting of 10 December 2001 the President of Parliament announced that she had referred this proposal to the Committee on Budgets as the committee responsible and the Committee on Budgetary Control, the Committee on Industry, External Trade, Research and Energy and the Committee on Regional Policy, Transport and Tourism for their opinion (C5-0633/2001).

By letter of 13 March 2002 the Commission submitted to Parliament, pursuant to Article 251(2) and Article 156(1) of the EC Treaty, the amended proposal for a European Parliament and Council regulation on amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks (COM(2002) 134 - 2001/0226 (COD)).

At the sitting of 8 April 2002 the President of Parliament announced that he had referred this proposal to the Committee on Budgets as the committee responsible and the Committee on Budgetary Control, the Committee on Industry, External Trade, Research and Energy and the Committee on Regional Policy, Transport and Tourism for their opinion (C5-0130/2002).

The Committee on Budgets appointed Francesco Turchi rapporteur at its meeting of 22 January 2002.

It considered the amended Commission proposal and draft report at its meeting of 22 May 2002.

At the last meeting it adopted the draft legislative resolution unanimously with two abstentions.

The following were present for the vote: Terence Wynn, chairman; Reimer Böge, vice-chairman; Francesco Turchi, vice-chairman/rapporteur; Generoso Andria (for Alain Madelin, pursuant to Rule 153(2)), Ioannis Averoff, María Antonia Avilés Perea (for Thierry B. Jean-Pierre, pursuant to Rule 153(2)), Herbert Bösch (for Simon Francis Murphy), Kathalijne Maria Buitenweg, Paulo Casaca (for Manuel António dos Santos), Joan Colom i Naval, Den Dover, Bárbara Dührkop Dührkop, Göran Färm, Salvador Garriga Polledo, Neena Gill, Catherine Guy-Quint, Jutta D. Haug, María Esther Herranz García, Ian Stewart Hudghton, Wolfgang Ilgenfritz, Hedwig Keppelhoff-Wiechert (for Giuseppe Pisicchio, pursuant to Rule 153(2)), Eva Klamt (for Edward H.C. McMillan-Scott, pursuant to Rule 153(2)), Constanze Angela Krehl, Wilfried Kuckelkorn, Véronique Mathieu (for Michel Raymond, pursuant to Rule 153(2)), John Joseph McCartin, Jan Mulder, Juan Andrés Naranjo Escobar, Joaquim Piscarreta (for Markus Ferber, pursuant to Rule 153(2)), Giovanni Pittella, Guido Podestà, Encarnación Redondo Jiménez (for James E.M. Elles), Per Stenmarck, Kyösti Tapio

¹ OJ C 75 E, 26.3.2002, p. 316.

Virrankoski, Ralf Walter and Brigitte Wenzel-Perillo.

The opinions of the Committee on Industry, External Trade, Research and Energy and of the Committee on Regional Policy, Transport and Tourism are attached. At its meeting of 23 January 2002, the Committee on Budgetary Control decided not to give an opinion.

The report was tabled on 24 May 2002.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

DRAFT LEGISLATIVE RESOLUTION

European Parliament legislative resolution on the amended proposal for a European Parliament and Council regulation on amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks (COM(2002) 134 – C5-0130/2002 – 2001/0226(COD))

(Codecision procedure: first reading)

The European Parliament,

- having regard to the Commission amended proposal to the European Parliament and the Council (COM(2002) 134¹),
 - having regard to Articles 156 (1) and 251(2) of the EC Treaty, pursuant to which the Commission submitted the amended proposal to Parliament (C5-0130/2002),
 - having regard to Rule 67 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgets and the opinions of the Committee on Industry, External Trade, Research and Energy and the Committee Regional Policy, Transport and Tourism (A5-0188/2002),
1. Approves the Commission proposal as amended;
 2. Considers that the financial consequences of the proposal are compatible with the current ceiling under heading 3 of the financial perspective, with no restriction being placed on other currently funded programmes under the same heading;
 3. Asks to be consulted again should the Commission intend to amend the proposal substantially or replace it with another text;
 4. Instructs its President to forward its position to the Council and Commission.

¹ OJ C (not yet published).

DRAFT LEGISLATIVE PROPOSAL

Amended proposal for a European Parliament and Council regulation on amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks (COM(2002) 134 – C5-0633/2001 – 2001/0226(COD))

The proposal is amended as follows:

Text proposed by the Commission

Amendments by Parliament

Amendment 1
Recital -1 a (new)

(-1a) The accumulated backlog for transport TENs amounts to 60% of overall project support. Major problems remain to be solved in the 14 priority projects approved at the Essen European Council, whereby an increase in the level of Community co-financing is deemed necessary.

Justification

The rapporteur is in favour of the proposal but considers that it does not solve the problems of implementation and backlog of transport TENs, and more specifically the 14 priority projects approved at the Essen European Council.

Amendment 2
Recital -1 b (new)

(-1b) The Commission should prepare an evaluation on the Member States' responsibilities in the implementation of TEN projects. Based on this assessment, the Commission should present a proposal to improve cross-border cooperation between Member States.

Justification

Self-explanatory. It is important to individuate the responsibility of the Member States because of the low rate of execution registered over the past years. Improving the cross-border co-

operation could be extremely useful, ask for a legislative proposal could take too long and make the procedure much more complicated.

Amendment 3
Recital 2

(2) Cross-border connections between energy networks are important for ensuring smooth operation of the internal market, security of supply and optimum use of energy infrastructure. Priority projects on the energy networks should therefore also qualify for higher financial aid.

(2) Cross-border connections between energy networks are important for ensuring smooth operation of the internal market, security of supply and optimum use of energy infrastructure. ***The development stage of*** priority projects on the energy networks should therefore also ***be able to*** qualify for higher financial aid ***without this leading to any increase in the Community funds set aside for energy networks in the 2003-2006 financial perspectives. This aid is in respect of priority projects on the energy networks which are carried out in own companies, which are necessary in the interests of the European economy but unprofitable in business terms and which do not distort competition between enterprises.***

Justification

The Commission stresses that this proposal will have no impact on the Community budget and relates in the first instance to priority projects. It is important that both these elements should be expressly stated in the Commission proposal.

Amendment 4
Recital 4

(4) Since projects with candidate countries may prove difficult to implement due to financial constraints, additional funding should be made available for the most urgently needed improvements related to transport infrastructure at borders with candidate countries. The potential economic

(4) Since ***cross-border*** projects with candidate countries may prove difficult to implement due to financial constraints, additional funding, ***including private capital***, should be made available for the most urgently needed improvements related to transport infrastructure at borders with

viability of the projects should be assessed. The funds devoted to these specific projects should cover the whole financing period 2003-2006 irrespective of the date of accession of the new Member States.

candidate countries. The potential economic viability ***and the social and economic added value of the projects and their compatibility with the objectives of sustainable mobility*** should be assessed. The funds devoted to these specific projects should cover the whole financing period 2003-2006 irrespective of the date of accession of the new Member States.

Justification

The huge cost of carrying out the projects calls for a financial commitment from both private sources and from consortia prepared to invest precisely in order to enjoy the social and economic benefits brought about by these projects - decongesting of existing transport links, better environment, more efficient services.

Amendment 5
Recital 4 b (new)

(4b) The major delays in the implementation of transport TEN projects concern cross-border rail projects located in areas characterised by natural barriers such as the Alps and the Pyrenees.

Justification

Self-explanatory.

Amendment 6
Recital 4 c (new)

(4c) The Transport Council reached an agreement on 26 March 2002 on the legal aspects of the GALILEO Joint Undertaking, whereby an amount of EUR 450 million shall be released for the financing of the development phase and the allocation of these funds to the Joint Undertaking.

Justification

Self-explanatory.

Amendment 7
Recital 6 (a) (new)

(6) The financial framework for the implementation of Regulation (EC) No 2236/95 should be increased in order to fund the most urgently needed improvements related to transport infrastructure at borders with candidate countries.

(6) The financial framework for the implementation of Regulation (EC) No 2236/95 should be increased in order to fund the most urgently needed improvements related to transport infrastructure at borders with candidate countries.

Such an increase should be compatible with the ceiling under heading 3 of the financial perspective, with no restriction being placed on other currently funded programmes under the same heading.

Pursuant to paragraph 33 of the Inter-Institutional Agreement¹ which concerns multiannual programmes adopted under the co-decision procedure, the Commission should give precise reasons for departing from the approved financial framework, with due account being taken of the results obtained from the implementation of the programme.

Prior to the reallocation funds within transport TENs, the Commission should consult the budgetary authority to make sure that this complies with the priorities set by the Parliament.

In order to do justice to the objectives of trans-European transport networks and the transport-policy challenges of enlargement, a substantial increase in appropriations for trans-European transport networks will be required in the next financial perspective.

Justification

The rapporteur reminds that the proposed increase of the financial envelope set for transport TENs cannot exceed the current financial perspective, and that the budgetary authority shall decide on an annual basis on the appropriations available for this purpose. As to the reallocation of funds within the existing transport TENs envelope, the Commission should

¹ OJ C 172 of 18.6.1999.

consult the budgetary authority prior to such a decision to make sure that this does not run contrary to the priorities set by the Parliament. The rapporteur considers that appropriations at present available for expanding TENs fall well short of sufficient to cover future expenditure. An increase in appropriations is consequently unavoidable.

Amendment 8
Article 1, paragraph 1

(1) In Article 5, paragraph 3 is replaced by the following:

"3. Regardless of the form of intervention chosen, the total amount of Community aid under this Regulation shall not exceed 10% of the total investment cost. However, the total amount of Community aid may exceptionally reach 20% of the total investment cost in the following cases:

(a) projects ***which concern*** cross-border rail bottlenecks and/or missing links located in areas where natural barriers represent obstacles to the free circulation of goods and passengers and which strongly contribute to the reduction of imbalance between modes of transport and to the improvement of rail ***transport*** within the trans-European transport network as established by Decision No 1692/96/EC of the European Parliament and of the Council*;

(b) other projects which concern bottlenecks at borders with candidate countries where added value is particularly high in terms of safety improvement and congestion reduction within the trans-European transport network as established by Decision No 1692/96/EC of the

(1) In Article 5, paragraph 3 is replaced by the following:

"3. Regardless of the form of intervention chosen, the total amount of Community aid under this Regulation shall not exceed 10% of the total investment cost. However, the total amount of Community aid may exceptionally reach 20% of the total investment cost in the following cases:

(a) projects ***to eliminate*** cross-border rail bottlenecks and/or missing links located in areas where natural barriers represent obstacles to the free circulation of goods and passengers, ***which promote safety*** and which strongly contribute to the reduction of imbalance between modes of transport and to the improvement of rail , ***road and waterway intermodality*** within the trans-European transport network as established by Decision No 1692/96/EC of the European Parliament and of the Council* ***adopted on 23 July 1996;***

(b) other projects which concern bottlenecks at borders with candidate countries where added value is particularly high in terms of safety improvement and congestion reduction within the trans-European transport network as established by Decision No 1692/96/EC of the European Parliament and of the

European Parliament and of the Council*;

Council* *as adopted on 23 July 1996 by the European Parliament and the Council*;

(c) projects concerning satellite positioning and navigation systems as provided for in Article 17 of Decision No 1692/96/EC; and

(c) projects concerning satellite positioning and navigation systems as provided for in Article 17 of Decision No 1692/96/EC *as adopted on 23 July 1996 by the European Parliament and the Council*; and

(d) priority projects on the energy networks.

(d) *certain* priority projects on the energy networks *listed in the Decision of the European Parliament and of the Council amending Decision No 1254/96/EC laying down a series of guidelines for trans-European energy networks*.¹

In order to define these priority projects on the energy networks, the Commission shall submit a report to the European Parliament and the Council listing and describing the measures on the energy networks which are likely, in the event of an increase in Community subsidy from 10% to 20%, to lead to more rapid completion of the relevant priority projects.

(e) TEN telecommunications projects, without increasing the overall level of appropriations.

¹ See Commission proposal COM(2001) 775.

Justification

The Commission proposal contains no details of how the increase in the Community subsidy would bring about the more rapid completion of the individual priority projects. A more detailed analysis therefore seems necessary, listing and discussing the measures in question.

The European Parliament will decide on the priority energy projects in the context of its report on the Proposal amending Decision No 1254/96/EC laying down a series of guidelines for trans-European energy networks (COM(2001)775 – 2001/0311(COD)).

Amendment 9
ARTICLE 1, POINT 1 a (new)
Article 13, paragraph 2 b (new) (Regulation 2236/95/EC)

(1a) In Article 13, the following paragraph shall be inserted:

“2b. If, within a deadline of ten years following the award of financial assistance for an action, the said action has not been completed, the Commission shall demand reimbursement of the assistance awarded. If the project is an unusually large-scale one, or the delay could not reasonably have been foreseen, the Commission may depart from the said deadline.”

Justification

The appropriations available to the Commission to support TENs are limited. Effective deployment of those appropriations is desirable if progress is to be made with extending TENs. The Commission consequently should have the authority to demand repayment of support awarded for an action if progress with that action has not been made within a reasonable deadline.

Or. nl

Amendment 10
Article 1, paragraph 2

(2) Article 17 is replaced by the following:

"Article 17

Committee

1. The Commission shall be assisted by a committee composed of ***representatives of the Member States*** and chaired by the representative of the Commission.

(2) Article 17 is replaced by the following:

"Article 17

Committee

1. The Commission shall be assisted by a committee composed of ***one representative of each Member State, and a representative of the European Investment Bank who shall not vote. Candidate countries can participate to committee proceedings with an observer status***

in case they are concerned by a specific point on the agenda. The Committee shall be chaired by the representative of the Commission.

2. Where reference is made to the procedure specified in this Article, the **management** procedure laid down in Article 4 of Council Decision 1999/468/EC* shall apply, in compliance with Article 7 and Article 8 thereof.
3. **The period provided for in Article 4(3) of Decision 1999/468/EC shall be two months.**

2. Where reference is made to the procedure specified in this Article, the **advisory** procedure laid down in Article 3 of Council Decision 1999/468/EC* shall apply, in compliance with Article 7 and Article 8 thereof.

3. **Deleted.**

Justification

Self-explanatory. As to commitology, there is no reason why the advisory procedure could not be applied to the TENs. This would also be in line with the traditional position taken by the Committee on Budgets.

Amendment 11 Article 1, paragraph 3

- (3) In Article 18, the first paragraph is replaced by the following:

"The financial framework for the implementation of this Regulation for the period 2000 to 2006 shall be EUR 4700 **million.**"

- (3) In Article 18, the first paragraph is replaced by the following:

"The financial framework for the implementation of this Regulation for the period 2000 to 2006 shall be EUR 4700 **million and shall be subject to review at the mid point in the applicability of the revised Regulation by the European Parliament.**

The allocation of funds shall be linked to the qualitative and quantitative level of implementation, including the contribution to the reduction of traffic growth and air pollution. The non-utilisation of funds shall lead to the cancellation of commitment appropriations after n+2 years.

Justification

Self-explanatory. A midterm review of financial appropriations should be undertaken in 2003 in order to adapt the resources available to the estimated needs. In addition, it is necessary to specify important qualitative aspects, namely the contribution to reduction of traffic-growth and air pollution.

EXPLANATORY STATEMENT

I. Background

The trans-European networks (TENs) are generally considered as one of the driving forces for the achievement of growth, competitiveness and employment. A separate title was included in the Treaty of Maastricht, whereby the Community was given the powers and instruments for their development. The European Council held in Essen in December 1994 gave a decisive political incentive to the TENs by adopting a list of fourteen priority projects. A number of financial instruments were set up by the Community and the European Investment Bank in order to achieve these objectives.

The main purpose of Community assistance for TENs is to help to surmount the financial obstacles which may arise when a project gets under way. It is intended primarily to promote feasibility studies related to projects of common interest, to grant interest rebates or contributions to meet loan guarantee costs, and to award direct grants. It may also be used to finance measures aimed at encouraging and facilitating partnership between the public and private sectors or for venture capital formation.

In principle, Community assistance is restricted to 10% of overall costs, with the exception of Galileo, which can receive up to 20% of its funding from the Community. The rest of the expenditure is due to be co-financed either through local, regional or national budgets.

II. Problems encountered: insufficient investments and slow implementation

At present, the transport TEN network is made up of some 75,185 km of roads, 20,609 km of which are planned, 79,440 km of conventional and high-speed railway lines, 23,005 km of which are planned, 381 airports, 273 international seaports and 210 inland ports.

However, work is not advancing as rapidly as expected. Of the 14 "specific" projects approved at the Essen summit, only three have been completed. Six others should be finished by 2005. As to the remaining five projects, no clear indication has been given on their timetable.

In its White Paper on growth, competitiveness and employment, the Commission estimated the financial requirements needed for TENs at €400 billion, including €110 billion for the Essen priority projects alone. Unfortunately, the pace of investment has been too slow. In 1996-1997, investment in the trans-European network projects was about €38 billion which represented only one-quarter of total investment in overall transport infrastructure during this period. The Commission estimates that if the rate of funding does not increase between now and 2010, there is a very serious likelihood that the network will not be fully completed, in particular the railway and inland waterway components.

In 1999, only 2,726 km of high-speed railway lines were operational. According to the most optimistic timetables for projects at the design or construction stage, about 8,400 km of high-speed railway lines will have come into service by 2010. It will therefore take about a further ten years to complete all the 12,600 km planned in the present guidelines.

The longest delays are generally on cross-border projects since the Member States have given priority funding to the national sections of the trans-European network in their investment decisions. These delays can mainly be attributed to the lack of an integrated approach to the planning, assessment and funding of cross-border infrastructures.

The scarcity of government funding has been accompanied by a general slowdown in infrastructure investment from 1.5% in the 1970s to about 1% of GDP in 1995. On top of this, there has been the difficulty of deciding on the priorities for a very large number of projects. The Community's budgetary resources and legal means do not enable it to do anything on its own to speed up these cross-border projects since, under the Treaty, the national authorities are responsible for the implementation of a project on the territory of a Member State.

Despite past efforts to develop trans-European infrastructure, bottlenecks continue to exist in Europe and have become a cause of major concern in some areas. The areas most seriously affected are the international corridors in which North-South trans-European traffic is highly concentrated, natural barriers such as the Alps and the Pyrenees, the outskirts of major conurbations and trading centres in which long-distance, regional and local traffic meet and are concentrated, and a certain number of EU borders, in particular those with the accession countries.

The Commission considers that a headlong rush to create new infrastructure routes cannot be the answer to the capacity requirements. Instead, it proposes to revise the guidelines set for the development of transport TENs by 2010 in order to complete what was decided in 1996 and to focus Community activities and projects on the reduction of bottlenecks.

The implementation of TENs can be summarised as follows:

Implementation of commitments and payments, accumulated backlog

	EUR million					
	2000		2001		2002*	
Commitments committed	663,3	98%	655,1	98%	10,2	2%
Payments disbursed	507,6	90%	482,1	80%	5,6	16%
Stock of RAL	1.241,5		1.378,2		1.130,8	

* As at 8.3.2002

It seems fair to say that during the past few years, the Commission has been able to maintain a relatively high level of implementation, and that since early 2002, the backlog has started to decrease. On the other hand, it is worrying to notice that the accumulated backlog for transport TENs amounts to 60% of overall project support. Out of the EUR 2 billion available for this purpose, only EUR 814.3 million or 40.7% have been paid, leaving a balance of outstanding payments of nearly EUR 1.2 billion (see annex 2).

The main problem relates to the 14 priority projects approved at the Essen European Council in 1994. In 2000-2001, only half of their payments were actually disbursed (see annex 3). One project seems especially peculiar: in the case of Greek motorways, only 6% of the available EUR 14.2 million was actually disbursed. Consequently, the Commission should explain the reason for these delays and how it foresees to improve the implementation of the 14 Essen

priority projects. Similarly, it should clarify how it intends to cut the backlog in transport TENs if the current cumbersome procedures and the lack of cross-border cooperation remain unchanged.

III. Financing of TENs in 2003 and onwards

The Commission has now presented a proposal to modify the general rules for granting Community financial aid in the field of TENs. As a result, Community support would be increased from 10% to 20% in order to have a leverage effect and to attract private investors in particular. This modification would be aimed on the one hand at transport TEN projects which fall under the category of cross-border rail projects crossing natural barriers, such as the Alps and the Pyrenees, or which aim at eliminating clearly identified bottlenecks at borders with the candidate countries within the trans-European transport network as established by Decision No 1692/96/EC of the European Parliament and of the Council adopted on 23 July 1996.¹

Similarly, the Commission proposes to increase Community aid for the 12 priority energy projects, and to focus support on the development phase of energy TEN projects.² The Commission justifies this proposal through the contribution it can make to the completion of the internal market and to the improvement of the security of supply, a key energy objective recognised in the TEN guidelines.

The additional amount of EUR 100 million in the period 2003-2006 would be assigned to the transport TENs budget line (B5-700) to complement support provided through ISPA. At the same time, the TENs financial envelope set for the current financial perspective (2000-2006) would be revised. Finally, the Commission proposes to reallocate EUR 50 million in favour of the cross-border projects within the current transport TENs envelope (see table below):

Multiannual estimate of expenditure

EUR million

	2003	2004	2005	2006	2006+	Total
Additional commitment appropriations	35	15	25	25		100
Reallocated commitment appropriations	15	25	5	5		50
Total (CA)	50	40	30	30		150
Additional payment appropriations (PA)	15	15	20	25	25	100

As to GALILEO, which has already been co-financed by the Community by 20%, the Transport Council reached an agreement in March 2002 on the legal aspects of the GALILEO Joint Undertaking, whereby an amount of EUR 450 million will be released for the financing of the development phase and the allocation of these funds to the Joint Undertaking.³

IV. Financial and legislative remarks

¹ COM(2001) 545 of 3.12.2001.

² COM(2002) 134 of 13.3.2002.

³ Conclusions of the Transport Council of 26 March 2002 on the GALILEO Programme.

The rapporteur considers that the proposals are consistent with Commission's White Paper on European Transport Policy for 2010¹ and its Communication on the impact of enlargement in regions bordering candidate countries². Furthermore, they are in line with the Green Paper on the security³ of energy supply, and the proposal for a revision of energy TEN guidelines⁴. Finally, the proposals correspond to the indicative multiannual programme (MIP) established between Member States and the Commission for the funding of the transport TENs over the period 2001-2006. Consequently, nearly half of the appropriations would continue to go to the large infrastructure projects endorsed by the 1994 Essen European Council, whereas 20% would be reserved for the Galileo programme and the remaining 30% would be available for railway bottlenecks, cross-border projects and so-called Intelligent Transport Systems.

However, several problems remain to be solved. First, the Commission should clarify where it intends to take the additional EUR 100 million for cross-border rail projects. Looking at the margin under the ceiling of heading 3 in budget 2002 (EUR 180,000), it remains unclear whether all the additional funds could be made available from the future margin even though there seems to be greater leeway in 2003-2006 (see table below).

Margin under heading 3 of the financial perspective in 2002-2006

EUR million

	2002	2003	2004	2005	2006
Original margin*	0.2	188.1	139.1	163.0	258.9
Additional funds for TENs		35.0	15.0	25.0	25.0
New margin	0.2	153.1	124.1	138.0	233.9

* Assuming that the sixth framework programme for research and technological development is adopted as proposed by the Commission and that other activities under heading 3 are maintained at the current level without any increases.

Past experience has shown that by the time the annual budget is approved, there is little room for manoeuvre for additional measures as the Parliament tends to fill in the gap with its own proposals (pilot projects and preparatory actions) and by increasing funds to the activities which it considers as major priorities.

Similarly, the Commission should give further details from which activities it intends to take the proposed EUR 50 million that should be reallocated in the current transport TENs budget. The Commission should also clarify how it intends to counterbalance the increased support for the 12 priority projects in energy TENs if the overall envelope remains unchanged. Obviously, this would require a reallocation of funds within the energy field or a transfer between TENs budget lines. In either case, the budgetary authority should be consulted as these reallocations may have an impact on activities that the Parliament considers of major importance.

Furthermore, the Commission should explain why in the financial statement of the proposal amending Council Regulation No 2236/95 it proposes to allocate an additional EUR 150 million to carry out urgent improvements to cross-border transport infrastructures with the candidate

¹ COM(2001) 370 of 12.9.2001.

² COM(2001) 437 of 25.7.2001.

³ COM(2001) 769 of 29.11.2000.

⁴ COM(2001) 775 of 20.12.2001.

countries, whereas the legislative proposal refers to four different categories of projects which could benefit of increased co-financing.

In addition, the Commission should explain why it proposes to modify the paragraph on commitology (Article 17 of Council Regulation No 2236/95) by taking out the reference to the European Investment Bank. The fact that EIB covers over $\frac{3}{4}$ of Community support to the TENs should be a sufficient justification for its participation to committee proceedings. This would also ensure the compatibility of transport TEN activities.

Finally, the Commission should consider the possibility of providing representatives of the candidate countries an observer status in the committee so that they would have the right to participate to its meetings whenever there is a point on the agenda which concerns the country they represent.

Annex 1

Community financing of the TENs in 1999

(EUR million)

Sector	Type of assistance	Instrument	1993-1995 ¹	1996 ⁵	1997 ⁵	1998 ⁵	1999 ⁵
Transport	Loans	EIB ²⁻³	7 666	3 504	4 943	4 415	5 977
	Loan guarantees	EIF ⁶⁻⁷	161	303	55	71	266
	Grants	ERDF ⁷⁻⁴	999	2 639	527	n.a.	n.a
		Cohesion Fund	2 995	1 221	1 251	1 337	444
	Grants, interest rate subsidies, loan guarantees and co-financing of studies	TEN budget line B5-700	625	280	352	474	497
		(Of which the 14 specific projects)	362	211	211	305	266
Energy	Loans	EIB ⁶⁻⁷	1 822	1 176	854	393	174
	Guarantees	EIF ⁶⁻⁷	220	270	4	5	0
	Grants and co-financing of studies	Structural Funds	764	1 265	277	n.a.	355
		TEN budget line B5-71	12	9	24	19	29
Telecommunications	Loans	EIB ⁶⁻⁷	4 295	1 626	1 880	3 434	2 126
	Guarantees	EIF ⁶⁻⁷	175	9	276	230	123
	Financial contributions	Structural Funds	295	173	n.a.	n.a.	387 ⁵
	Co-financing of feasibility and validation studies	TEN budget line B5-720	45	16	27	28	21
Telematic Networks	Grants	TEN budget line B5-721	119	44	47	24	31

¹ Money committed.

² Signed contracts.

³ TEN and TEN-related projects.

⁴ Usually includes appropriations committed for the period 1996-1999.

⁵ TEN-related projects only.

RAL TEN-T(ACTIVE) situation of 13-Mar-02*all amounts in M EUR*

Project ID	Project Title		Project Support	Balance Outstanding	Total Paid
<i>Total number of actions</i>	<u>DIRECTORATE B</u>	338	1551.7785	898.3505	653.428 (42.11%)
<i>Total number of actions</i>	<u>DIRECTORATE E</u>	66	289.8370	194.4622	95.3748 (32.91%)
<i>Total number of actions</i>	<u>DIRECTORATE F</u>	87	130.7709	75.9919	54.7790 (41.89%)
<i>Total number of actions</i>	<u>DIRECTORATE G</u>	39	28.3525	17.6632	10.6893 (37.70%)
Grand Total:		(530 Number of Actions)	2000.7389	1186.4678	814.2711 (40.70%)

TEN-T Priority Projects supported 2000-2001

(all amounts in EUR million)

Priority Project N°	ProjectTitle	Project support	Outstanding amount	Total Paid
1	High-Speed Train/Combined Transport North-south Nürnberg-Erfurt-Halle/Leipzig-Berlin Brenner axis	45.5000	28.6000	16.9000 (37.14%)
2	High-Speed Train Paris-Brussels-Köln-Amsterdam-London	173.000	93.3000	79.7000 (46.07%)
3	High-Speed Train South	34.3000	17.6500	16.6500 (48.54%)
4	High SpeedTrain East	63.0000	35.4600	27.5400 (43.71%)
5	Betuwe Line Conventional Rail/Combined Transport	39.0000	20.4000	18.6000 (47.69%)
6	High Speed Train/Combined Transport France - Italy Lyon-Torino; Torino-Milano-Venezia-Trieste	11.0000	5.5000	5.5000 (50.00%)
7	Greek Motorways: Pathe: Rio Antrio, Patras-Athens-Thessaloniki-Prohamon and Via Egnatia	14.2000	13.3500	0.8500 (5.99%)
8	Portugal-Spain-Europe Multimodal Link	5.2950	2.6480	2.6470 (49.99%)
9	Cork-Dublin-Belfast-Larne-Stranraer	3.0000	1.8000	1.2000 (40.00%)
11	Øresund Fixed Link (fixed Rail/Road link between Denmark and Sweden)	34.0000	0.0000	34.0000 (100.00)
12	Nordic Triangle (rail/road/airports/Ports etc.)	26.9500	9.3800	17.5700 (65.19%)
13	Ireland/United Kingdom/Benelux Road Link	14.8980	7.2500	7.6480 (51.34%)
14	West Coast Main Line(rail)	16.0000	4.8000	11.2000 (70.00%)
Grand Total: 64 actions		480.1430	240.1380	240.0050(49.99%)

26 March 2002

OPINION OF THE COMMITTEE ON REGIONAL POLICY, TRANSPORT AND TOURISM

for the Committee on Budgets

on the amended proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks (COM(2002) 134 – C5-0130/2002 – 2001/0226(COD))

Draftsman: Philip Charles Bradbourn

PROCEDURE

The Committee on Regional Policy, Transport and Tourism appointed Philip Charles Bradbourn draftsman at its meeting of 19 December 2001.

It considered the draft opinion at its meetings of 19 February and 21 March 2002.

At the latter meeting it adopted the following amendments by 27 votes to 6, with 11 abstentions.

The following were present for the vote: Rijk van Dam, acting chairman; Helmuth Markov, vice-chairman; Philip Charles Bradbourn, draftsman; Pedro Aparicio Sánchez (for Danielle Darras), Emmanouil Bakopoulos, Carlos Bautista Ojeda (for Nelly Maes), Den Dover (for Luigi Cocilovo), Alain Esclopé, Carlo Fatuzzo (for Christine de Veyrac pursuant to Rule 153(2)), Janelly Fourtou (for Reinhard Rack pursuant to Rule 153(2)), Mathieu J.H. Grosch, Konstantinos Hatzidakis, Roger Helmer (for Rolf Berend), Juan de Dios Izquierdo Collado, Georg Jarzembowski, Elisabeth Jeggle (for Felipe Camisón Asensio), Karsten Knolle (for Jacqueline Foster), Dieter-Lebrecht Koch, Constanze Angela Krehl (for Garrelt Duin), Giorgio Lisi, Sérgio Marques, Emmanouil Mastorakis, Erik Meijer, Camilo Nogueira Román, Paolo Pastorelli (for Dana Rosemary Scallon pursuant to Rule 153(2)), Karla M.H. Peijs, Wilhelm Ernst Piecyk, Giovanni Pittella (for Giovanni Claudio Fava), Samuli Pohjamo, Bernard Poignant, José Javier Pomés Ruiz, Alonso José Puerta, José Ignacio Salafranca Sánchez-Neyra (for Carlos Ripoll i Martínez Bedoya), Agnes Schierhuber (for Ingo Schmitt), Elisabeth Schroedter (for Josu Ortuondo Larrea), Renate Sommer, Maurizio Turco (for Bruno Gollnisch), Joaquim Vairinhos, Ari Vatanen, Herman Vermeer, Mark Francis Watts, Brigitte Wenzel-Perillo (for Margie Sudre), Jan Marinus Wiersma (for Ulrich Stockmann) and Joachim Wuermeling (for Francesco Musotto pursuant to Rule 153(2)).

SHORT JUSTIFICATION

The Committee on Regional Policy, Transport and Tourism has on a number of occasions stressed the importance it attaches to the development of the Trans-European Transport Networks (TEN-T). These networks are the backbone of an efficient transport system at European level handling almost half of all goods and passenger transport.

In view of the forthcoming enlargement of the European Union a revision of the guidelines is necessary in order to integrate the TEN-networks and the TINA-corridors in Central and Eastern Europe. A proposal for such a major revision is not foreseen before 2004. In view of the estimated increase in transport as a result of enlargement-related economic growth considerable infrastructure investment is essential to connect the two networks and to avoid bottlenecks within the Union and at the future intra-EU borders.

Therefore the Gothenburg European Council invited the Community institutions to adopt already by 2003 - thus ahead of any enlargement - revised guidelines for the Trans-European Transport networks giving priority to infrastructure investment in particular for railways, inland waterways, short sea shipping, inter-modal operations and effective interconnections.

In order to update the Essen list in annex III of the current TEN guidelines and to address the consistency of major bottlenecks within the Union and on connections with the candidate countries the Commission presented a proposal for an interim revision consisting of two amending acts concerning the TEN guidelines decision No 1692/96/EC and the TEN financial support regulation No 2236/95, subject of this opinion.

The proposal

The proposal on the financial regulation consists of increasing the maximum support for Trans-European transport network projects which fall into the category of

- cross-border rail bottlenecks and/or missing links in areas where natural barriers represent obstacles and
- projects aiming at eliminating clearly identified bottlenecks at borders with candidate countries

from 10% to 20%. Additional financial assistance of 100 MEUR in the period 2003-2006 assigned to the TEN-budget line is proposed.

Experience has shown that in some cases, especially where cross-border rail projects are concerned, the current maximum level of support of 10 % is not enough to encourage the public or private investment that is needed. The White paper objective of revitalising the European rail system - where cross-border connections within the EU and with candidate countries play an important role - needs therefore an increased financial backing from the Community.

As a matter of fact it was this committee that proposed an increase in Community financial aid for projects connecting the Member States with candidate countries at the time when the European Parliament and the Council adopted the regulation (EC) No 1655/1999 amending

regulation (EC) No 2236/95 as part of Agenda 2000. In 1999 however, only the Galileo project was considered for such an increase in Community co-financing, which nevertheless did not speed up the launch of this project.

The proposal to increase co-financing possibilities by up to 20% for cross-border projects with candidate countries was taken up in the recent Commission communication on the impact of enlargement on regions bordering candidate countries (COM(2001)0437). 150 MEUR will be reallocated within the current Indicative Multi-Annual Programme for projects in regions bordering the candidate countries.

Lastly, the Commission proposes to adapt and change the current comitology procedure from a regulatory to a management committee procedure.

Your rapporteur's view

Your rapporteur agrees to the substance of the proposal in that it offers more opportunities to use Community financing with a view to getting major projects off the ground. He feels however that the exceptions made to the general 10% rule are too narrow in definition and should be enlarged to projects concerning major bottlenecks wherever they are located and whatever mode of transport they concern. A midterm review of the financial appropriations should be undertaken in order to adapt the resources available to the estimated needs.

AMENDMENTS

The Committee on Regional Policy, Transport and Tourism calls on the Committee on Budgets, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission ¹	Amendments by Parliament
Amendment 1 Recital 1	
(1) Traffic growth over the past decade – <i>in particular</i> heavy lorry traffic – has led to increased congestion and pollution throughout the territory of the Community. The current capacity of the road network as well as of the rail infrastructure is far from optimal and the weakest points are the cross-border sections. The major delays in implementation of the trans-European transport network relate to cross-border	(1) Traffic growth over the past decade – <i>in some cases</i> heavy lorry traffic – has led to increased congestion and pollution throughout the territory of the Community. The current capacity of the road network as well as of the rail infrastructure is far from optimal and the weakest points are the cross-border sections. The major delays in implementation of the trans-European transport network relate to cross-border

¹ OJ C not yet published.

rail projects requiring the construction of infrastructure ***such as*** tunnels or bridges of significant length. Owing to these constraints, the financial viability of such projects is often extremely low.

projects requiring the construction of infrastructure ***including*** tunnels or bridges of significant length. Owing to these constraints, the financial viability of such projects is often extremely low.

Justification

Self-explanatory.

Bottlenecks in implementing major cross-border projects are not confined to rail projects.

Amendment 2 Recital 3

(3) Provision should be made for an increased level of support of up to 20% of total investment cost for projects concerning cross-border bottlenecks and projects at borders with candidate countries which contribute strongly to the improvement of the Trans-European network as established by Decision No 1692/96/EC of the European Parliament and of the Council of 23 July 1996 on Community guidelines for the development of the trans-European transport network.

(3) Provision should be made for an increased level of support of up to 20% of total investment cost for projects concerning cross-border bottlenecks ***in the rail network*** and projects at borders with candidate countries which contribute strongly to the improvement of the Trans-European network as established by Decision No 1692/96/EC of the European Parliament and of the Council of 23 July 1996 on Community guidelines for the development of the trans-European transport network ***and to promote sustainable mobility of persons and goods in accordance with the European Union's sustainable development objectives (Article 6 of the Amsterdam Treaty and European Council Göteborg Declaration of 15 and 16 June 2001).***

Justification

The Commission stresses in the explanatory memorandum to its proposal the need to use the increase in the maximum level of support from 10% to 20% of total investment costs to overcome cross-border bottlenecks in the rail network. That should also be stated in the recitals.

The increase in support for other projects that relate to bottlenecks at the borders with acceding countries and are not explicitly confined to more environmentally friendly forms of transport such as rail or internal waterways must, at the very least, not run counter to European Union objectives for promoting sustainable mobility of persons and goods.

Amendment 3
Recital 4

(4) Since costly cross-border projects with candidate countries may prove difficult to implement due to financial constraints, additional funding should be made available for the most urgently needed improvements related to transport infrastructure at borders with candidate countries. The potential economic viability of the projects should be assessed. The funds devoted to these specific projects should cover the whole financing period 2003-2006 irrespective of the date of accession of the new Member States.

(4) Since costly cross-border projects with candidate countries may prove difficult to implement due to financial constraints, additional funding should be made available for the most urgently needed improvements related to transport infrastructure at borders with candidate countries. The potential economic viability of the projects ***and their compatibility with the objectives of sustainable mobility*** should be assessed. The funds devoted to these specific projects should cover the whole financing period 2003-2006 irrespective of the date of accession of the new Member States.

Justification

Not even the most urgent improvements to transport infrastructures at borders with acceding countries should run counter to the European Union's objectives in relation to sustainable mobility.

Amendment 4
Recital 6 a (new)

(6a) In order to do justice to the objectives of trans-European transport networks and the transport-policy challenges of enlargement, a substantial increase in appropriations for trans-European transport networks will be required in the next financial perspective.

Justification

The appropriations at present available for expanding TENs fall well short of sufficient to cover future expenditure. An increase in appropriations is consequently unavoidable.

Amendment 5
ARTICLE 1, POINT 1

Article 5, paragraph 3 (Regulation (EC) No 2236/95)

3. Regardless of the form of intervention chosen, the total amount of Community aid under this Regulation shall not exceed 10% of the total investment cost.

However, the total amount of Community aid may, as from 1 January 2003, exceptionally reach 20% of the total investment cost in the following cases:

(a) projects which concern ***cross-border rail*** bottlenecks and/or missing links located in areas where natural barriers represent obstacles to the free circulation of goods and passengers and which strongly contribute to the reduction of imbalance between modes of transport and to the improvement of rail transport within the trans-European transport network as established by Decision No 1692/96/EC of the European Parliament and of the Council;

(b) other projects which concern bottlenecks at borders with candidate countries where added value is particularly high in terms of safety improvement and congestion reduction; and

(c) projects concerning satellite positioning and navigation systems as provided for in Article 17 of Decision No 1692/96/EC.

3. Regardless of the form of intervention chosen, the total amount of Community aid under this Regulation shall not ***normally*** exceed 10% of the total investment cost.

However, the total amount of Community aid may, as from 1 January 2003, exceptionally reach 20% of the total investment cost in the following cases:

(a) projects which concern bottlenecks ***including cross border*** and/or missing links located in areas where natural barriers represent obstacles to the free circulation of goods and passengers and which strongly contribute to the reduction of imbalance between modes of transport and to the improvement of rail ***and road transport and inland waterways*** within the trans-European transport network as established by Decision No 1692/96/EC of the European Parliament and of the Council;

(b) other projects which concern bottlenecks ***including*** at borders with candidate countries ***or third countries with an EU land border*** where added value is particularly high in terms of safety improvement and congestion reduction ***if these projects are compatible with the European Union's objectives in relation to promoting sustainable mobility of persons and goods***; and

(c) projects concerning satellite positioning and navigation systems as provided for in Article 17 of Decision No 1692/96/EC, ***that may be used by all forms of transport, provided that there is no disproportionate virement from existing or proposed terrestrial TEN's projects and subject to regular cost/benefit analyses***

being carried out on this scheme.

Justification

The exceptions made to the general 10% rule are too narrow in definition and should be enlarged to projects concerning major bottlenecks wherever they are located and whatever mode of transport they concern. Road transport and inland waterways are important instruments within the trans-European transport network.

The increased support for other projects, which applies to bottlenecks at the borders with applicant countries and is not confined to explicitly environment-friendly forms of transport like rail or internal waterway, must at the very least not run counter to the European Union's objectives on promoting sustainable mobility of persons and goods. Bottlenecks are not confined to borders with candidate countries. Trade is vital to every Member State and therefore trade facilitating infrastructure projects with third countries are in the interest of the Community as a whole.

Appropriations foreseen for Galileo should not disproportionately delay realisation of other terrestrial projects. The Galileo satellite navigation system has been supported by the European Parliament in a number of resolutions. The infrastructure as a whole consequently should be included to the advantage of all forms of transport.

Amendment 6

ARTICLE 1, POINT 1 a (new)

Article 13, paragraph 2 b (new) (Regulation 2236/95/EC)

(1a) In Article 13, the following paragraph shall be inserted:

“2b. If, within a deadline of ten years following the award of financial assistance for an action, the said action has not been completed, the Commission shall demand reimbursement of the assistance awarded. If the project is an unusually large-scale one, or the delay could not reasonably have been foreseen, the Commission may depart from the said deadline.”

Justification

The appropriations available to the Commission to support TENs are limited. Effective deployment of those appropriations is desirable if progress is to be made with extending

TENs. The Commission consequently should have the authority to demand repayment of support awarded for an action if progress with that action has not been made within a reasonable deadline.

Or. nl

Amendment 7
ARTICLE 1, POINT 3

Article 18, paragraph 1 (Regulation (EC) No 2236/95)

The financial framework for the implementation of this Regulation for the period 2000 to 2006 shall be EUR 4 700 million.

The financial framework for the implementation of this Regulation for the period 2000 to 2006 shall be EUR 4 700 million ***and shall be subject to review at the mid point in the applicability of the revised Regulation by the European Parliament.***

Justification

A midterm review of financial appropriations should be undertaken in 2003 in order to adapt the resources available to the estimated needs.

21 May 2002

**OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH
AND ENERGY**

for the Committee on Budgets

on the proposal for a Council regulation amending Council Regulation (EC) No 2236/95
laying down general rules for the granting of Community financial aid in the field of trans-
European networks
(COM(2002) 134 – C5-0130/2002 – 2001/0226(COD))

Draftsman: Erika Mann

PROCEDURE

The Committee on Industry, External Trade, Research and Energy appointed Erika Mann draftsman at its meeting of 19 March 2002.

It considered the draft opinion at its meetings of 6 May 2002 and 21 May 2002.

At the last meeting it adopted the following amendments by 37 votes with 2 abstentions.

The following were present for the vote: Carlos Westendorp y Cabeza, chairman; Peter Michael Mombaur and Yves Piétrasanta, vice-chairmen; Erika Mann, draftsman; Sir Robert Atkins, Ward Beysen (for Colette Flesch), Freddy Blak, Guido Bodrato, David Robert Bowe (for Massimo Carraro), Giles Bryan Chichester, Nicholas Clegg, Willy C.E.H. De Clercq, Christos Folias (for Umberto Scapagnini), Marie-Hélène Gillig (for Harlem Désir, pursuant to Rule 153(2)), Alfred Gomolka (for Werner Langen), Michel Hansenne, Malcolm Harbour (for Concepció Ferrer), Dimitrios Koulourianos (for Fausto Bertinotti), Rolf Linkohr, Minerva Melpomeni Malliori (for Norbert Glante), Marjo Matikainen-Kallström, Eryl Margaret McNally, Angelika Niebler, Giuseppe Nisticò (for Godelieve Quisthoudt-Rowohl,...), Reino Paasilinna, Paolo Pastorelli, Ioannis Patakis (for Konstantinos Alyssandrakis,... pursuant to Rule 153(2)), Elly Plooi-j-van Gorsel, John Purvis, Imelda Mary Read, Christian Foldberg Røvsing, Paul Rübig, Konrad K. Schwaiger, Esko Olavi Seppänen, Gary Titley, Claude Turmes, W.G. van Velzen, Alejo Vidal-Quadras Roca and Dominique Vlasto.

SHORT JUSTIFICATION

More than five years after the entry into force of Regulation (EC) 2236/95 of 18 September 1995 laying down general rules for the granting of Community financial aid in the field of trans-European networks, which has already been amended once in 1999, the Commission considers it necessary to make technical adjustments ‘in order to reflect current policy priorities’.¹

In December 2001 the Commission therefore proposed an amendment to the current Regulation which provides for an increase in the maximum rate of Community subsidy from 10% to 20% of total costs for particular TEN projects which make an important contribution to the objectives of the Trans-European Networks but have a low level of profitability. Initially the proposal was limited to specific trans-European networks (cross-border rail bottlenecks, bottlenecks at borders with candidate countries, satellite positioning, navigation systems). According to the Commission the telecommunications area was not included because the proposal on priority projects in this area is not yet ready for a decision.

On 12 March 2002 the Commission modified this proposal and extended it to ‘priority projects essential for completing the trans-European energy network’. The background to this is the proposal to amend the guidelines on the trans-European networks in the energy field, adopted by the Commission on 20 December 2001 (COM(2001)775). In this opinion your draftsman will confine himself to those aspects of the Commission proposal which deal with energy networks. As regards the transport field, reference is made to the opinion of the Committee on Regional Policy, Transport and Tourism.

The Commission stresses that there is no question of increasing appropriations in the energy sector, and that the proposal – unlike in the case of the trans-European transport networks – will not therefore lead to any increase in the Community budget set aside in the financial perspectives for energy networks. For 2002 an amount of EUR 21 m is set aside for the trans-European energy infrastructure.

As far back as its Green Paper ‘Towards a European strategy for the security of energy supply’² the Commission referred to the need to expand the European energy infrastructure still further (particularly in Southern Europe, between France and Spain), but there are still political and financial obstacles to this. The main aim is to realise two priority objectives: to ensure security of energy supply and to complete the internal market in energy. The Commission notes that a functioning internal market in electricity and gas, in which there should also be cross-border trade and competition, is inconceivable without the necessary infrastructure.

This objective was reaffirmed most recently at the Barcelona summit of 15-16 March, where the Council agreed the target for Member States of a level of electricity interconnections equivalent to at least 10% of their installed production capacity by 2005³. By its proposal the Commission seeks to concentrate the limited available financial resources and to provide targeted support for the development stage of unprofitable projects in this field. This covers

¹ COM(2001) 545.

² COM(2000) 769.

³ Conclusions of the Barcelona Council, p. 16.

all necessary measures (including feasibility studies) up to the actual beginning of work. The Commission maintains that an incentive is of particular importance at this initial phase. However the Commission proposal does not at present contain the words ‘development stage’, and it seems necessary to specify or define this term.

The increase of the Community subsidy to 20% relates exclusively to *priority projects* of European interest as defined in Annex II of the Proposal amending the guidelines for trans-European energy networks (COM(2001) 775). In this context it needs to be noted that there will be a shift (of priorities and funding) away from projects of common interest (Annex II) towards the *priority* projects of European interest listed in Annex I, since the Commission assumes that the total budgetary appropriations set aside for trans-European energy networks will not be increased. This proposed increase in the Community subsidy from 10% to 20% must therefore be seen in connection with the proposed new guidelines in the Energy TEN field, on which this committee will not be taking a decision until later this year (report by Mr Beysen).

AMENDMENTS

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Budgets, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission ¹	Amendments by Parliament
Amendment 1 Recital 2	
(2) Cross-border connections between energy networks are important for ensuring smooth operation of the internal market, security of supply and optimum use of energy infrastructure. Priority projects on the energy networks should therefore also qualify for higher financial aid.	(2) Cross-border connections between energy networks are important for ensuring smooth operation of the internal market, security of supply and optimum use of energy infrastructure. <i>The development stage of priority projects on the energy networks should therefore also qualify for higher financial aid without this leading to any increase in the Community funds set aside for energy networks in the 2003-2006 financial perspectives. This aid is in respect of priority projects on the energy networks which are carried out in own companies, which are necessary in the interests of the European economy but</i>

¹ OJ C .

unprofitable in business terms and which do not distort competition between enterprises.

Justification

The Commission stresses that this proposal will have no impact on the Community budget and relates in the first instance to priority projects. It is important that both these elements should be expressly stated in the Commission proposal.

Amendment 2

Article 5, paragraph 3, subparagraph (d)

(d) priority projects on the energy networks

(d) ***certain*** priority projects on the energy networks ***listed in the Decision of the European Parliament and of the Council amending Decision No 1254/96/EC laying down a series of guidelines for trans-European energy networks¹.***

In order to define these priority projects on the energy networks, the Commission shall submit a report to the European Parliament and the Council listing and describing the measures on the energy networks which are likely, in the event of an increase in Community subsidy from 10% to 20%, to lead to more rapid completion of the relevant priority projects.

Justification

The Commission proposal contains no details of how the increase in the Community subsidy would bring about the more rapid completion of the individual priority projects. A more detailed analysis therefore seems necessary, listing and discussing the measures in question.

The European Parliament will decide on the priority projects in the context of its report on

¹ See Commission proposal COM(2001) 775.

the Proposal amending Decision No 1254/96/EC laying down a series of guidelines for trans European energy networks (COM(2001)775 – 2001/0311(COD)).

Amendment 3

ARTICLE 1, PARAGRAPH 2

Article 17, paragraph 1 (Regulation (EC) No 2236/95)

1. The Commission shall be assisted by a committee composed of representatives of the Member States and chaired by the representative of the Commission.

1. The Commission shall be assisted by a committee composed of representatives of the Member States and chaired by the representative of the Commission. ***The European Investment Bank shall send a representative to the committee who shall not take part in votes.***

Justification

It is not clear why the participation of an EIB representative in meetings of the administrative committee is no longer provided for. The EIB plays a central role in the allocation of Community funds for TENs and can make an important factual contribution to discussion.