

TRANS-EUROPEAN NETWORKS (TENs)

The EIB's operational framework and resources deployed

Efficient communications, energy transfer and information networks will be a vital factor in the economic integration of the Member States of the enlarged European Union.

Since 1993, in response to the various Community initiatives identifying Trans-European Networks (TENs) in the Union, and more recently in the **Acceding and Accession Countries**, the Bank has vastly scaled up its TENs lending.

As the leading source of bank finance for these major networks in both the Union and the Acceding Countries, the EIB is supporting twelve of the fourteen priority transport projects and seven of the ten priority energy projects pinpointed by the Essen European Council in December 1994, as well as key large-scale telecommunications projects. Over a period of 10 years (1993-2003), loans amounting to EUR 56 billion have been signed for transport TENs, EUR 6 billion for energy TENs and EUR 19 billion for telecommunications TENs.

The Bank contributes real value added to these projects. It has the financial clout to:

- mobilise on the keenest terms the huge sums necessary to build this infrastructure;
- offer maturities (up to 30 years and longer) tailored to the scale of the schemes concerned;
- where appropriate, provide structured finance as an adjunct to commercial bank and capital market funding.

The catalytic effect of the Bank's input is especially illustrated by the growing number of **public-private partnerships (PPPs)** supported by the EIB, which combine the inherent advantages of both sectors in the creation of such infrastructure. In 2003, the Bank's Board of Directors approved loans totalling EUR 2.2 billion for PPP projects. Finance contracts for a similar amount were also signed in support of key PPP schemes such as improvements to the London Underground and the Barcelona tram network, and the construction of motorways in Spain, the United Kingdom and Ireland, the Rion-Antirion bridge in Greece and an intermodal freight centre in Graz (Austria).

Under the **European Growth Initiative** approved by the Council in December 2003, the EIB will increase its contribution to TENs financing, notably by:

- introducing a priority lending facility endowed with EUR 50 billion up to 2010.
- improving a raft of available financial instruments with a view to boosting the proportion of private-sector investment in TENs financing:
 - loans with very long maturities (up to 35 years) and appropriate grace periods,
 - guarantees for investment-grade projects during their construction phase,
 - securitisation funds.
- implementing, in cooperation with the Commission and the Council, a "quick-start" programme focusing on projects' importance for the integration of the internal market in an enlarged Europe, along with their degree of maturity, economic and financial viability, impact on growth and leverage effect on private capital.

Activity in 2003

In 2003, signed loans in support of TENs projects within the EU totalled **EUR 5.3 billion**.

In the **transport** sector (**EUR 4.6 billion**), the principal financing operations concerned:

- Construction of *high-speed rail lines* such as those connecting Fawkham Junction to London (United Kingdom) and Cologne to Frankfurt city and airport (Germany) and the new line linking Madrid to Barcelona (Spain);
- Improvements to the *road and motorway networks* involving, in particular, the construction of several motorways in Spain and Portugal, upgrading of a section of the A1 motorway between Darrington and Dishforth (United Kingdom) and construction of motorway sections on the Egnatia trunk road and the Rion-Antirion bridge connecting the Peloponnese to mainland Greece;
- Upgrading of *airport infrastructure* in Madrid (Spain), Munich and Hamburg (Germany), Cork (Ireland) and Venice (Italy);
- Expansion or modernisation of *port infrastructure*: some 20 ports in Italy; Barcelona, Sagunto and Las Palmas (Spain); Hamburg and Bremerhaven (Germany); Vuosaari and Kotka (Finland); Göteborg (Sweden); Funchal, Caniçal and Porto Novo on the island of Madeira (Portugal); and the port of Brussels (Belgium).

A further EUR 1 billion served to finance **telecommunications** projects, of which EUR 315 million was invested in TENs in Spain and Denmark.

In addition, loans worth EUR 390 million were signed for **energy** TENs projects in Spain, Portugal and the United Kingdom.

In the **Acceding and Accession Countries**, where infrastructure development and rehabilitation needs are immense, signatures for transport TENs projects amounted to close on **EUR 1.5 billion** in 2003.

These countries benefited from projects to upgrade roads and motorways (EUR 1 billion in Poland, Romania, Slovakia, Hungary and Bulgaria), port and airport infrastructure (EUR 280 million in Czech Republic) and rail transport (EUR 200 million in Hungary and Slovenia).