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Development of the Trans-European Networks (TENs)

The EIB's operational framework and resources deployed

Efficient communications and energy transfer networks are a vital factor in the economic integration of the Member States of the enlarged European Union. The **European Growth Initiative** approved by the Council in December 2003 has brought a new focus on this area. The Bank is actively responding to this challenge and accordingly includes the development of Trans-European Networks-TENs (and access networks) as one of its five priority objectives.

Since 1993, in response to the various Community initiatives identifying Trans-European Networks (TENs) in the Union and the Accession Countries, the EIB has become the leading source of bank finance for these major networks. The EIB is supporting twelve of the fourteen priority transport projects and eight of the twelve priority energy projects pinpointed by the Essen European Council in December 1994. Over more than a decade (1993-2004), loans amounting to EUR 63 billion have been signed for transport TENs and EUR 8.2 billion for energy 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 these infrastructures;
- offer maturities tailored to the scale of the schemes concerned;
- where appropriate, provide structured finance as an adjunct to commercial bank and capital market funding.

In addition, the EIB plays an important role in helping Member States and Accession countries to improve their organizational capacity. 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 2004, the Bank has signed loans totalling EUR 1.3 billion for PPP projects. In the transport sector, finance contracts for more than EUR 758 million supported key PPP schemes such as the construction of motorways in Portugal, Spain, Ireland and The Netherlands, the Sevilla underground (Spain) and a toll collection system for heavy vehicles driving on the motorway network in Austria.

Under the **European Growth Initiative**, the EIB is increasing its contribution to TENs financing, notably by:

- introducing a priority lending facility (TENs Investment Facility-TIF), 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,
 - structure finance,
 - risk capital,
 - 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 2004

In 2004, signed loans in support of TENs projects within the enlarged EU totalled **EUR 7.9 billion**.

In the **transport** sector (**EUR 6.7 billion**), the principal financing operations concerned:

- Construction of *high-speed rail lines* such as those connecting Milan to Naples (Italy); Brussels to Antwerp and to Liège (Belgium) and the new line linking Madrid to Barcelona and the French border (Spain);
- Improvements to the *road and motorway networks* involving, in particular, construction of motorway sections in Ireland, on the Egnatia trunk road (Greece), on D8 motorway between Prague and Dresden on Pan-European Corridor IV linking Berlin to Istanbul (Czech Republic), and on Corridor X between Austrian and Croatian borders (Slovenia); and the upgrading and modernization of several motorways in France, Belgium and Slovakia;
- Upgrading of *airport infrastructure* in Madrid (Spain), Roissy (France), Munich (Germany), Stockholm (Sweden), Oporto (Portugal) and Bologna (Italy);
- Expansion or modernisation of *port infrastructure*: construction of a new container terminal in Rotterdam (Netherlands), the commercial port of Le Havre (France), Aveiro (Portugal), Barcelona (Spain) and Trelleborg (Sweden).

Loans in **energy** TENs projects (**EUR 1 272.2 million**) concerned the production and import of Norwegian gas to the UK, the construction and operation of a liquefied natural gas (LNG) import terminal in Sagunto (Spain), the upgrading and extension of gas transmission network throughout Spain, and the interconnection of Danish and Dutch natural gas transmission networks in North Sea.

In the **Accession Countries**, Bulgaria benefited from a **EUR 20 million** loan for the construction of a combined (road and rail) bridge on Pan-European Corridor IV between Vidin (Bulgaria) and Calafat (Romania).

For more information on the EIB, visit the internet site www.eib.org.

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