



Annual Press Conference 2006

Briefing Note N° 03

Luxembourg, 9 February 2006

Development of the Trans-European Networks (TENs)

One of the six operational priorities of the EIB, the development of the trans-European transport and energy networks (TENs) is key to the economic and social integration of the European Union.

The EIB remains a leading source of bank finance for these major networks in the Union and Accession Countries. Over more than a decade (1993-2005), loans amounting to EUR 69.3 billion have been signed for transport TENs and EUR 9.1 billion for energy TENs.

The **European Action for Growth** initiative approved by the Council in December 2003 identified a series of transport and energy axes of particular importance to the EU on the basis of: maturity, trans-frontier dimension, impact on growth and innovation, and benefits for the environment.

Action for Growth focuses on three areas for TENs:

- Coordinating the existing and new Community financing instruments.
- Introducing regulatory and administrative measures to encourage investment.
- Launching the "Quick-start" programme – a list of 54 priority projects.

EIB value added

The value added of the Bank in TENs projects rests on the EIB's ability to:

- mobilise on the keenest terms the huge sums necessary to co-finance the building of these infrastructures;
- offer maturities tailored to the scale of the schemes concerned;
- provide structured finance as a complement to commercial bank and capital market funding.

The EIB plays an important catalytic role in boosting private sector involvement in TENs as demonstrated by the increased support for **public private partnerships (PPPs)**. In 2005, the Bank reaffirmed this focus by hosting successful PPP conferences in Luxembourg and Hungary. In 2005, it signed loans totalling EUR 771.8 million for PPP projects. In the transport sector, finance contracts worth EUR 355 million supported key PPP schemes such the construction of the E18 motorway in southern Finland between Muurla and Lohja.

In 2006, the EIB will participate in a **European PPP expertise centre**, a European Commission initiative. The expertise centre will facilitate the sharing of experience among public sector PPP authorities within Europe and provide practical PPP implementation assistance.

EIB centre of expertise

Building on the renewed TENs focus generated by the European Action for Growth initiative, the planned **EIB centre of expertise for TENs** aims to strengthen the Bank's involvement in major trans-European networks and facilitate the sharing of experience and knowledge in this area.

Financial instruments supporting TENs

To complement the existing TENs Investment Facility (TIF), endowed with EUR 50 billion up to 2010, the EIB is increasing its contribution to **TENs financing** through the introduction of a series of financial instruments:

- The Structured Finance Facility (SFF) for TENs allowing the Bank to finance TENs projects with greater risk.

- A proposed EU TENs guarantee instrument with the EIB as agent to assist in ensuring the financability of TENs projects through assumption of the revenue ramp-up risk in the early years of the project.
- The TENs Risk Capital Facility to provide support either directly to specific TENs infrastructure projects or via specialised infrastructure fund managers.

Cooperation with the Commission

In 2005 the EIB signed a Memorandum of Understanding with DG TREN to formalise the existing cooperation between the Bank and the Commission in support of transport and energy TENs projects. This agreement concerns policy definition and formulation as well as individual project financing.

Activity in 2005

In 2005, signed loans in support of TENs projects within the enlarged EU totalled **EUR 7.71 billion**, with a further **EUR 550 million** for transport TENs signed in Romania. This represents a 4% increase on 2004.

In the **transport** sector (**EUR 7.37 billion**), the split in 2005 was 42% rail, 38% roads, 6% maritime and 14% air traffic. The principal financing operations concerned:

- Construction of *high-speed rail lines* such as the AVE Madrid-Barcelona-Figueres (Spain); the first phase of the line linking Paris-Metz-Strasbourg (France); the new line between Cordoba and Malaga (Spain); and the installation of interoperability systems (Italy).
- Improvements to *road and motorway networks*, involving in particular: the construction and modernisation of the A1 motorway between Gdansk and Nowe Marzy on Pan-European Corridor VI (Poland); the construction of the central-east Egnatia motorway (Greece); the Muurla-Lohja E18 motorway (Finland); and the Prague south-west ring road (Czech Republic).
- Upgrading of *airport infrastructure* including: Barcelona El Prat (Spain); Roissy (France); and the renovation and modernisation of air traffic control systems in Spain.
- Expansion or modernisation of *port infrastructure* at the commercial ports of: Barcelona (Spain); Gijón (Spain); and Pireas (Greece).

Loans for **energy TENs** projects (**EUR 892 million**) concerned:

- The installation of a terminal for the import of liquefied natural gas (UK);
- The production and import of Norwegian gas to the UK;
- The modernisation and expansion of high voltage electricity networks throughout Italy and the Netherlands;
- The upgrading of electricity production, transport and distribution capacity in the Azores (Portugal).

Planned projects in the energy sector of note for 2006 include the Nabucco gas pipeline from Turkey to Austria (via Bulgaria, Romania and Hungary), bringing diversification and securitisation to the European energy market through the introduction of Iranian, Egyptian and Caspian Sea gas resources.

For further information on the EIB, visit its website www.eib.org.

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