



## **Promoting Trans-European transport Networks (TENs)<sup>1</sup>**

### **Policy objective**

The Trans-European Transport Networks facilitate freedom of movement of goods, persons, energy and information. These major infrastructure networks underpin the integration of the European Union and increase its potential growth.

The development of these networks will provide:

- high-quality infrastructure supporting the links between the 27 EU Member States and connecting the EU to its neighbours;
- interconnection and interoperability of existing national networks;
- access to the basic transport networks;
- benefits of integrated pan-European networks over the whole of the EU.

### **Policy background and future perspectives**

The Trans-European Network policy was established by the European Council in 1993. Since then, the EIB has been a leading source of bank finance for these fundamental infrastructure networks. From 1993 to December 2006, the EIB has signed EUR 77.4bn in loans for pan-European transport networks.

Given the level of EIB financing of large infrastructure networks across the Union to date, in 2006 the Bank decided to raise its commitment to investment in the networks from EUR 50bn for the period 2004-2010 to EUR 75bn for 2004-2013.

EIB investment in transport networks extends beyond the boundaries of the European Union. Financing such projects in partner countries forms part of the Bank's support for the EU policy of cooperation with neighbouring countries. This will continue into 2007 and beyond.

In addition to finance, the EIB will proactively support the preparation of transport projects linked to the Trans-European Network policy. For this, the Bank will work with the European Commission, offering particular support to those promoters who seek to set up integrated intermodal freight operations.

### **Tailored financial instruments**

The EIB has developed a wide range of tailored financial instruments to directly encourage investment in the major transport networks across the Union and beyond.

These include the Structured Finance Facility, which aims to match the types of funding to the requirements of large-scale infrastructure projects. With this facility, the EIB can now reach projects of sub-investment-grade credit quality which may not previously have had access to traditional EIB financing.

A loan guarantee instrument for the Trans-European Transport Networks will be launched in 2007. This instrument, which is a joint venture between the EIB and the European Commission, will provide guarantees for major transport network projects to cover the risk of revenue shortfall during the initial period of operation of the project.

The Bank is also intensifying efforts to mobilise private investment in the financing of the transport networks, by increasing support for public-private partnerships (PPPs). Work is ongoing with the European Commission and the Member States to develop initiatives such as a European PPP Expertise Centre to

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<sup>1</sup> This note will deal with TEN-Transport (TEN-T) only. TEN-Energy (TEN-E) is dealt with as part of the Energy briefing note.

facilitate the effective sharing of experience and best practice in PPPs. The Bank is currently exploring the demand for such an initiative in collaboration with the Commission and regional and national public sector PPP taskforces.

### **Cooperation with the European Commission**

In 2006, cooperation with the European Commission intensified, with the Bank participating in a number of joint working groups and steering committees.

Noteworthy EIB-Commission cooperation includes:

- efforts to channel Structural and Cohesion Funds to Trans-European Network projects, specifically in the Member States of Central and Eastern Europe;
- work towards the implementation of European Rail Traffic Management Systems (ERTMS) on designated freight corridors;
- preparations for the launch and financing of the projects championed by the EU Coordinators - a group of six ex-Commissioners promoting transport projects which are seen as key to the development of the Trans-European Network policy.

JASPERS, the joint initiative between the EIB, the European Commission and the European Bank for Development and Reconstruction to aid the preparation of projects which receive Structural and Cohesion Funds, became operational in 2006. One of the sectors which will benefit most from the preparatory work offered by JASPERS is transport infrastructure.

### **Trends and highlights from 2006**

For 2006 alone, the EIB lent EUR 8bn for transport projects linked to the Trans-European Networks. EUR 7.3bn of these operations were within the EU, 37% of which went to priority projects as defined by the European Commission. This represents yet another year-on-year increase in signatures within the EU, compared to EUR 6.8bn in 2005.

The 2007 target for EIB lending to major transport networks linked to the Trans-European Network policy is set at EUR 8bn.

As in previous years, Spain remained the Member State with the highest amount of loans signatures in 2006 (EUR 2.9bn). Austria was the next, with EUR 890m.

Road projects took almost 43% of overall pan-European transport lending in 2006 (EUR 3.2bn), with rail, which is becoming an increasingly important priority sector for the EIB and the European Commission, following at 38% (EUR 2.8bn). Aviation and maritime stood at 9.8% (EUR 714m) and 8.1% (EUR 593m) respectively.

PPP projects accounted for 16% of EIB transport lending linked to the trans-European Networks in 2006 (EUR 1.1bn).

In European Neighbourhood and Partner Countries, loans amounting to EUR 738m were signed supporting projects along major transport axes. In Turkey, the EIB signed a loan in favour of a high-speed railway line along the Istanbul-Ankara corridor. This project will significantly improve the rail connection between the country's two largest cities and boost links between the Turkish capital and the EU Member States.

Other non-EU projects included the construction of the final section of Rijeka-Zagreb motorway in Croatia (along the pan-European corridor from the Hungarian border, via Zagreb, Karlovac and Rijeka to the Slovenian border) and the construction of a four-lane section of the E-18 motorway which is a continuation of the Nordic Triangle, a priority pan-European transport project linking Norway, Sweden, Finland and Denmark to each other and to the rest of the EU.

## Key projects

### LGV Rhine – Rhône

The project concerns the construction of the first phase (139 km) of a new high speed railway line in France between Dijon and the German border. The line is part of the pan-European priority project to improve rail traffic services along the axis Lyon/Genève – Duisburg – Rotterdam/Antwerp. The project will facilitate regional accessibility and improve the economic potential of this area.

The EU Member States are developing their high speed railway network as the demand for long distance rail transport is increasing. EIB support for this type of investment is likely to continue to grow in the future.

### Austrian Motorway PPP Project

In 2006, the EIB participated in the first Austrian motorway PPP project. The Bank lent EUR 350m for the planning, construction and operation of the south section of the A5, the Northern Motorway, and of sections of the Vienna Northern Perimeter Expressway and the Outer Ring Expressway, all located in the North East of Vienna. The investment will go towards improving the priority Trans-European Network project Gdansk-Katowice-Zilina/Brno-Vienna. The project is awarded as a concession, based on availability fees and shadow toll payments for a 33 year term. EIB participation in this flagship PPP project has significantly improved the terms and conditions for the borrower, lowering the cost to the public sector.

*For further information on the EIB, visit its website [www.eib.org](http://www.eib.org).*

*Press Contacts: Press Office, [press@eib.org](mailto:press@eib.org), Tel: +352 43 79 21 00; Fax: +352 43 79 21 99*  
*General Questions: EIB Infodesk, [info@eib.org](mailto:info@eib.org); Tel: +352 43 79 31 00; Fax: +352 43 79 31 99*