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**COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN
ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE
REGIONS**

concerning the

**Progress of exploratory talks regarding cooperation in the field of transport with the
neighbouring countries**

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(Text with EEA relevance)

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1. INTRODUCTION

The Commission Communication on *Strengthening the European Neighbourhood Policy*¹ (ENP) highlighted the key aspects of the thematic/sectoral dimension of the ENP and the need to enhance multilateral dialogue with the partner countries on themes such as energy, transport, environment, or border management. It also raised the idea of multilateral agreements in energy and transport fields and the need to streamline the different on-going initiatives. In particular, the importance of bringing closer together policy dialogue and actual transport corridor development was stressed. This message was further developed in the recent Communication² on *A Strong European Neighbourhood Policy* in which the Commission urged the Member States and ENP partners to cooperate closely to complete the extension of major trans-European transport axes to neighbouring countries.

As highlighted in the Commission Communication on *the Western Balkans*³, the European perspective is a driving force for reform throughout the region and hence a major factor contributing towards stability and progress. Following the completion of the EU's most recent enlargement, the Western Balkans are entirely contiguous with the territory of the EU Member states, making the coordinated development of the transport sector one of the key issues.

In addition, the EU-Russia strategic partnership through the Partnership and Cooperation Agreement and the Road Maps for the Four Common Spaces adopted at the Moscow Summit in May 2005 foresaw promoting the complementarity of transport sectors and gradual integration of transport networks, removing technical and administrative bottlenecks and ensuring transport infrastructures and interoperability by way of approximating respective legislation.

The Commission Communication on *Guidelines for transport in Europe and neighbouring regions*⁴ outlined the first steps of a comprehensive policy for closer integration of the EU transport system with the neighbouring countries. The policy focuses on five main transport axes used for international trade and on the relevant standards and legislation (called "horizontal measures") affecting the use of these routes by all transport modes⁵. Over time this approach may lead to the approximation of rules and regulations for the transport sector as a whole and thus create an effective transport market involving the EU and its neighbours. The impact could be expected to be particularly significant in countries where, for political reasons, there has been relatively little cooperation in the transport sector.

In the Communication, the Commission announced a two-step approach to implement the policy. In the first phase, exploratory talks would be held with the neighbouring countries with the aim of assessing their interest and commitment to strengthen the existing coordination frameworks. The talks should aim at ensuring that the format and content of the cooperation structure meets the needs and expectations of the parties concerned in the most

¹ COM(2006) 726, 4.12.2006.

² COM(2007) 774, 5.12.2007.

³ Adopted on 5 March 2008.

⁴ COM(2007) 32, 31.1.2007.

⁵ The basis for the policy development was prepared by the High Level Group chaired by former Commission Vice President Loyola de Palacio, see the report *Networks for peace and development*, at http://ec.europa.eu/ten/transport/external_dimension/index_en.htm.

efficient manner. As a second step, and following the outcome of the exploratory talks, the Commission would make concrete recommendations and/or proposal to implement the policy and the coordination framework(s).

In June 2007, the EU Council of Transport Ministers welcomed both the further extension of the axis approach and the emphasis placed on the horizontal measures; and it requested the Commission to put forward proposals for practical implementation of this approach and for strengthening the organisational structure and the coordination framework of the axes.

The exploratory talks were launched in spring 2007 and the first round of discussions has taken place with all the neighbouring countries and regions. The talks are progressing well and this Communication reports on these talks and outlines the preliminary conclusions. In the Western Balkan region the talks have already been successfully concluded. The Commission is therefore proposing to the Council along this Communication negotiating guidelines for a treaty establishing a Transport Community in South East Europe.

2. ORGANISATION OF THE EXPLORATORY TALKS

The exploratory talks, launched in spring 2007, and a first round of meetings has been held with all the neighbouring countries, the Pan-European Corridors/Areas as well as with several stakeholders. The following key meetings have taken place in addition to several working level meetings:

- A series of meetings with the Pan-European Corridors/Areas have taken place in the course of the year, including two meetings of the Corridor Chairs and Secretaries, the first in January and the second in October 2007.
- The working group on “Transport strategies, infrastructure and public-private partnerships” under the EU-Russia transport dialogue has met twice, in Moscow in October and in Brussels in January 2008. The *ad hoc* working group on logistics problems, set up to study the situation at the EU-Russia border and make recommendations on how to improve throughput, completed its work in June 2007 under the German EU Presidency and transmitted its report to the Commission and the Russian Ministry of Transport. These are now to be implemented by the permanent working groups under the dialogue. In this respect, the infrastructure upgrade and procedural measures recommended will feed into the development of the Northern Axis and the horizontal issues.
- Several fruitful negotiating rounds have been organised since March 2007 in Brussels and in Kiev on a new enhanced agreement with Ukraine, which is to be the successor to the Partnership and Co-operation Agreement.
- The Euro-Mediterranean Transport Forum met in May 2007 and adopted a Regional Transport Action Plan for the period 2007-2013. As a follow-up, the infrastructure working group met in November 2007 to verify the axes and to update the list of infrastructure projects. These meetings led to a high level conference, organised by the Commission with the support of the Portuguese EU Presidency, on the Mediterranean transport system in Lisbon on 3 December 2007. In this conference, Vice-President Barrot and Ministers from the EU and Mediterranean countries recognised the key role of the Action Plan in extending the major axes of the trans-European transport networks and the Community *acquis* to the region.

- Several meetings have been organised under the regional cooperation framework established by the Traceca multilateral agreement, ranging from working group meetings to the meeting of the Intergovernmental Commission on 13-14 December 2007 in Astana, where the exploratory talks were officially opened with the mandate to make proposals to the Summit in 2008 on whether/how a future legal and institutional framework for the Axis can be built upon Traceca structures, thus identifying a renewed, long-term base for our cooperation.

3. PRELIMINARY CONCLUSIONS OF THE FIRST ROUND OF TALKS

3.1. Strong support to the Commission's approach

Whilst further discussions are needed with all the neighbouring countries before the Commission can make concrete proposals on how to strengthen the coordination frameworks, a series of preliminary conclusions have already emerged. In general, the talks have confirmed the support for the Commission's approach, as presented in the Communication; in particular there is broad agreement on:

- The usefulness of the axis approach as the basis for cooperation between the EU and the neighbouring countries;
- The need to look beyond infrastructure measures and to bring transport corridor development and overall policy discussion closer together;
- The importance of a strong and binding coordination framework that could take the form of a more binding MoU or a treaty;
- The need to put in place the steering functions of the axes in line with the Commission's proposal (see box), building on the existing regional structures and technical secretariats.

Ministerial meetings by Axis/region to take strategic decisions concerning modifications to the Axis, to participating countries and entities and to the financing of the coordination structure.

Regional Steering Group to monitor the implementation of the Axis composed of a high level representative of each of the countries concerned and with the task to develop master plans for the axis, including identification of bottlenecks, proposals and prioritisation of measures.

All the Regional Steering Groups should meet together regularly to ensure coherent implementation of the agreed measures as well as to agree e.g. on common methods for strategic and project level assessment and monitoring.

In addition to preparing the Ministerial meetings, the Regional Steering Group should also report to the respective sub-committee under the European Neighbourhood and Partnership Policy in view of including relevant proposals in the bilateral and regional action plans.

The Regional Steering Group may decide to set up working groups or task forces involving all or some of the members to look into technical issues in more detail. It would also organise Donors' Conferences and involve social partners and other stakeholders.

Permanent Secretariat to provide administrative and technical support. The Secretariat would follow studies relevant for the Axis, prepare the meetings of the Steering Group and the Ministerial meetings and provide the logistics for these meetings.

The Steering Group and Secretariat should cooperate with the European Coordinators; in particular those designated for inland waterways and the Motorways of the Sea or the trans-European transport networks (TEN).

3.2. Adjustments to the approach

The exploratory talks have raised the need to make only some minor adjustments to the approach initially proposed by the Commission. These concern mainly the geographical as well as the sectoral coverage of the overall exercise:

- Cooperation with **Switzerland** should be pursued under the existing structures, as these are already well established in the transport sector. This cooperation is based on bilateral relations and agreements between EU and Switzerland and in particular, transport corridors through Switzerland that connect Italy with Germany, France and Austria are already part of the trans-European transport network policy.
- Following the conclusions of the June 2007 Transport Council, the Commission agrees on the usefulness to involve the **Central Asian states** in the axis approach, through their participation in the Traceca framework, as trade and thus transport connections need to have a worldwide perspective in an increasingly globalised world.
- The extension of the **Single European Sky initiative** to the neighbouring regions is progressing rapidly and the Commission is requesting negotiating directives from the Council to develop a wider Common Aviation Area by 2010 through further comprehensive aviation agreements with neighbouring countries. Therefore, it is proposed not to include the aviation sector in the approach. However, investments into airport infrastructure could be looked at as part of potential bottlenecks along the axes.
- Similar progress has taken place in developing the EU's **satellite navigation system Galileo**. The Commission therefore proposes to continue cooperation under the specific Galileo framework and not to include it in the coordination structures envisaged for the axes.

Regarding the Council's request to link up extension of the major trans-European transport axes to neighbouring countries with **African networks**, the Commission stresses that it is already supporting the development of integrated trans-African transport networks and services, which received renewed impetus in 2007 when the EU-Africa Partnership on Infrastructure was launched.

4. STATE-OF-PLAY, ACHIEVEMENTS AND NEXT STEPS

4.1. Pan-European Corridors/Areas

The meetings with the Pan-European Corridors/Areas have looked at the differences between Corridors inside and outside the EU territory, optimal geographical coverage of an axis,

necessary functions of an effective steering group and the role of horizontal measures. Important insights have been gained from the Corridor Chairs' and Secretariats' first-hand experience of the strengths and weaknesses of the functioning of the Corridors.

Whilst the Pan-European Corridor concept clearly has its merits, it is equally clear that the concept needs to be reviewed. In particular the Commission considers it essential to make a clear distinction between the Corridors that, following enlargement, are part of the trans-European transport network priorities⁶ and those that connect the EU with the neighbouring countries. At the same time, it is important to integrate the functions and the valuable experience of the Corridors in an appropriate way into the existing regional structures or those that will be set up

4.2. Motorways of the Seas

The High Level Group identified the Motorways of the Seas (MoS) as one of the axes on an equal footing with the four land corridors. Although there are commonalities in all the MoS, there are also clear differences that speak for a differentiated approach. These range from the type of bottlenecks, frequency and quality of services to the applicable international law and its degree of enforcement. Consequently, the Commission proposes that the MoS be covered under the relevant regional structures to be set for the corresponding land axes. In all cases, close cooperation with the European Coordinator for the Motorways of the Sea should be assured.

4.3. Northern Axis

The Northern Axis falls largely under the Northern Dimension (ND) policy of the EU, which covers the northern EU Member states, Russia as well as Norway and Iceland. The ND aims at addressing the special regional development challenges of northern Europe, including *i.a.* insufficient transport and border crossing facilities. The main regional organisations active in the area are the Council of the Baltic Sea States (CBSS), the Barents Euro Arctic Council (BEAC), the Arctic Council (AC) and the Nordic Council of Ministers.

In the Political Declaration, adopted by the Northern Dimension Summit in November 2006, it was asked to examine the desirability of a ND Partnership on Transport and Logistics, which would involve all the countries concerned by the Northern Axis. The suggested role of the Partnership would be to coordinate the financial resources of international financial institutions, governments and the private sector in large transport infrastructure projects of regional rather than local importance. Following the ND Senior Officials meeting in St. Petersburg on 21 November 2007, a working group was set-up to examine the possibilities of setting up the new Partnership and to discuss the scope and role of this Partnership also taking into account the effective monitoring and implementation of the Northern Axis and the Motorways of the Sea in the region. The Group will deliver its report in June 2008 for the consideration of the ND Ministerial meeting in autumn 2008.

Whilst the exploratory talks have welcomed the setting up of the working group, they have highlighted the importance of making the Partnership an integral part of the coordination structures to be set up for the Northern Axis region and of ensuring a fully coherent approach

⁶ The Pan-European Corridors I, IV, V, VI and VII are now mostly in the EU territory.

without overlap. The second phase of the talks would need to have a deeper look in particular at the following aspects:

- The geographical scope of the Partnership in line with the Northern Dimension policy objectives and the alignment of the Northern Axis. It has been suggested to invite Belarus as an observer to the working group to ensure continuity along all branches of the Axis.
- The mandate of the Partnership regarding the type of projects to be considered, taking due account of the developments and progress in other fora where relevant standards and legislation, including customs (horizontal measures) affecting the logistic processes along the Axes are addressed
- Whether the Partnership could fulfil the functions of the regional steering group and/or secretariat for the Northern Axis region and how the partnership would best fit in the coordination and monitoring structures to be set up for the Northern Axis region (see box in Chapter 3.1).

4.4. Central Axis

The enhanced agreement currently under negotiation with Ukraine aims to deepen political co-operation on democracy, human rights and the rule of law, to establish a deep and comprehensive free trade area, increase energy efficiency and security, environment protection and strengthen co-operation on key areas such as transport. The establishment of a free trade area, which will be integral part of the agreement, will be negotiated once Ukraine has finalised its accession process to the WTO.

In transport, the focus of the negotiations is on the implementation of the recommendations of the High Level Group, as endorsed in the Commission Communication, as concerns the Central Axis, Traceca Corridor and deeper approximation of EU legislation. The Commission is pleased to note that the talks are progressing well and that concrete results are expected during 2008. In the second phase of the negotiations, the details of the institutional structure, in particular as regards a multilateral steering group and secretariat, need to be reflected upon. The talks should also look at the existing connections from the Central Axis to the Northern Axis and the South Eastern Axis as well as how to best integrate the Republic of Moldova in the approach.

4.5. South Eastern Axis

4.5.1. Western Balkan core regional transport network

In the Western Balkans, Croatia and former Yugoslav Republic of Macedonia are candidate countries⁷, whilst Albania, Bosnia and Herzegovina, Montenegro, and Serbia as well as Kosovo⁸, are potential candidate countries for accession to the EU. Cooperation in the transport field and extension of the Community *acquis* is therefore more advanced than in the other regions.

⁷ Accession negotiations started with Croatia in 2005. In December 2005, the European Council granted the former Yugoslav Republic of Macedonia the status of a candidate country; accession negotiations have not started.

⁸ Under United Nations Security Council Resolution 1244 of 10 June 1999.

The Western Balkan countries and the European Commission signed in 2004 a Memorandum of Understanding (MoU) for the development of a regional core transport network, which would become part of the trans-European networks upon accession. In the 3rd annual meeting of Ministers on 4 December 2007, an addendum to the MoU was signed on rail market access and opening, which brought the sector a step closer to the implementation of the Community rail *acquis*, including the social dimension.

To fully benefit from the accession framework, the Commission is therefore of the opinion that cooperation in the Western Balkan region should focus on the core regional network and encourages the countries to speed up alignment of their national legislation with the Community *acquis* on transport and other relevant areas. Following the successful completion of the exploratory talks, the Commission is therefore proposing along this Communication negotiating guidelines for a treaty establishing a Transport Community in South East Europe. The objective of the treaty is to establish an integrated market for infrastructure and land, inland waterways and maritime transport⁹ and to align relevant legislation with the Community *acquis* in the Western Balkan region.

4.5.2. *Branches to Middle East, Caucasus and Central Asia*

Turkey is also a candidate country and the accession negotiations started in 2005. A transport infrastructure needs assessment (“TINA”) is being finalised as the first step in defining the future trans-European transport network for Turkey. These negotiations should of course continue along the timetable set for the accession negotiations. However, given Turkey’s geostrategic location as a crossroad between the EU, Caucasus and Central Asia on the one hand and Middle East on the other, the Commission invites Turkey to be a key player also in the axis approach. Without changing the definition of the Axis, it thus proposed to split the South-Eastern Axis into two branches, both involving Turkey: the connection from Turkey to Caucasus would be covered under the Traceca framework and the branch to Egypt under the Euro-Mediterranean structures, and connected to the South Western Axis as part of the Mediterranean Axes (see below Chapters 4.6 and 4.7 respectively).

4.6. **Traceca Corridor**

Of the five Axes, the Traceca Corridor is the only one where cooperation is organised through a multilateral agreement signed by the countries¹⁰ concerned. The institutions set up in the agreement include an Inter-Governmental Commission, which consists of highest governmental authorities or their authorised representatives, usually Deputy Prime Ministers responsible for Transport, Ministers of Transport and/or Foreign Affairs, and a permanent Secretariat. Several working groups have been set up. The Inter-Governmental Commission approved a long term strategy up to 2015 in 2006 and in 2007 it adopted a short-term Action Plan to be implemented by 2010.

The Traceca framework seems to offer a suitable basis on which to build given its strong legal basis, the set of institutions and the focus of the strategy on the implementation of the Corridor. However, the European Commission is of the opinion that the institutional and policy dimensions of Traceca need to be strengthened and modernised, in particular to address

⁹ Aviation sector is already covered under the European Common Aviation Agreement.

¹⁰ The signatories are: Afghanistan, Armenia, Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, the Republic of Moldova, Tajikistan, Turkey, Ukraine and Uzbekistan as well as the EU Member states Romania, Bulgaria. Pakistan and Iran have applied for membership.

in an effective manner both corridor development and overall policy discussion, now covered under the Baku process.

As endorsed in the Inter-Governmental Commission in December 2007, the specific task for the second phase of the exploratory talks would be to see whether/how a future legal and institutional framework can be built upon Traceca structures, thus identifying a renewed, long-term base for our cooperation. An optimal way to deal with the Baku process needs also to be found given that the renewed set of documents and structures should be able to efficiently serve both corridor (infrastructure) and regional approximation (horizontal) measures.

4.7. Mediterranean Axes and regional transport action plan

Since the launch of the Barcelona process in 1995, the Commission has actively supported the development of an integrated transport system in the Mediterranean region. As a consequence, the region is probably the most advanced in making the extension of the trans-European transport networks a reality.

The relevant institutions are already in place, including Ministerial Conferences to take strategic decisions, the Euro-Mediterranean Transport Forum to co-ordinate common approaches and to develop an integrated regional transport system and several working groups covering infrastructure and horizontal measures. The Regional Transport Action Plan, adopted by the Forum in May 2007, goes a long way towards the implementation of the main Axes in the region through regulatory reforms and a full range of horizontal measures. In addition a technical secretariat, CETMO, has been set up covering the Western Mediterranean countries; however no similar structure exists in the Eastern Mediterranean region.

In the Lisbon Conference on 3 December 2007, Vice-President Barrot congratulated the Ministers for their active involvement in the development and implementation of the Mediterranean Axes. The Forum and the working groups were invited to continue the successful work and to address the few remaining aspects in the second phase of the exploratory talks. These include effective monitoring of the implementation of the Axes in the region, creating a technical secretariat for the East Mediterranean region and strengthening coordination through an MoU or an international agreement.

5. CONCLUSION

The first round of the exploratory talks has demonstrated a keen interest of the neighbouring countries and other stakeholders to bring closer together the axis approach and broader policy dialogue. The talks have led to minor adjustments to the recommendations proposed in the Communication *Guidelines for transport in Europe and neighbouring regions* to better take account of recent progress, in particular in relation to Single European Sky and Galileo initiatives as well as the development of the future trans-European transport networks in the Western Balkan region and Turkey.

The institutional set-up proposed by the Commission has also been supported by the neighbouring countries and other stakeholders. All the neighbouring countries and other stakeholders stress the importance of regional cooperation along an Axis and of building on existing frameworks.

In the second phase of the exploratory talks, the following issues should be addressed in addition to the Axis specific points raised in the preceding chapters:

- Firm commitment of the neighbouring countries to the form of strengthened cooperation should be sought.
- Agreement with the existing regional structures on new tasks ensuring effective monitoring of the Axes should be reached.
- Creation or completion of regional structures for the Axes where such do not currently exist should be agreed upon.

The Commission has already scheduled a series of meetings for spring 2008. A second progress report on the exploratory talks will be tabled in September 2008, including, when relevant, a recommendation to the Council to open negotiations, and an assessment of the financial needs without prejudicing the multiannual financial framework for the policy areas concerned.