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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE
EUROPEAN PARLIAMENT**

Extension of the major trans-European transport axes to the neighbouring countries

Guidelines for transport in Europe and neighbouring regions

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(Text with EEA relevance)

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1. INTRODUCTION AND POLICY BACKGROUND

An important objective for the external policy of the European Union (EU) is to facilitate the spread of the Union's policies, such as the internal market principles and rules, to the neighbouring countries. This is clearly underlined in the recently adopted Communication on the 'Strengthening of the European Neighbourhood Policy'¹. In the transport sector, the aim is to ensure that legislation, standards and technical specifications of our main trade partners are compatible with those of the EU and thus contribute to the achievement of the Lisbon agenda by encouraging trade and sustainable growth as well as social cohesion.

This Communication outlines the first steps of a comprehensive policy for closer integration of the EU transport system with the neighbouring countries. The policy focuses on the main infrastructure used by international transport and on the relevant legislation affecting the use of these routes by all transport modes; over time this approach may lead to the development of common rules and regulations for the transport sector as a whole and thus create an effective transport market involving the EU and its neighbours.

1.1. The EU and the neighbouring regions

After the historic enlargement by 10 countries of Central and Eastern Europe and the Mediterranean in 2004, Romania and Bulgaria have now joined the EU at the beginning of 2007. Croatia and Turkey are candidate countries and accession negotiations are ongoing with both of them. The Former Yugoslav Republic of Macedonia is a candidate country. Albania, Bosnia and Herzegovina, Montenegro, and Serbia, including Kosovo², are potential candidate countries.

The European Neighbourhood Policy (ENP) was developed with the objective of avoiding the emergence of new dividing lines between the EU and its neighbours: its aim is at promoting peace, stability, security, growth, development and prosperity in the neighbouring countries as well as modernisation of economy and society. The ENP was originally addressed to the immediate neighbours. In the meantime action plans have been concluded with Israel, Jordan, Lebanon, Moldova, Morocco, the Palestinian Authority, Tunisia, Ukraine, Armenia, Azerbaijan and Georgia, the one with Egypt will soon be concluded. The EU and Russia have approved road-maps for strengthening their cooperation by establishing four "common spaces" at the summit in May 2005.

These initiatives have established a novel, comprehensive and forward looking framework through which the EU seeks to extend the principles of the 'Single Market', promote political and economic reform, development and modernisation for mutual benefit. As underlined by the recent Communication on the 'Strengthening of the European Neighbourhood Policy' there are a number of cross-cutting themes, among which transport, where the EU and its neighbours have common interests and concerns and which usefully could be addressed in a multilateral context. In order to take full advantage of closer relations with the EU and the prospect of improved access to its market, neighbouring countries' transport systems must be able to handle increased transport flows. The accession process and ENP frameworks clearly state that trans-European network policy should include strategies to reach this objective.

¹ COM(2006) 726, 4.12.2006.

² Under United Nations Security Council Resolution 1244 of 10 June 1999.

1.2. Transport context

1.2.1. *Trans-European transport networks in the European Union*

The trans-European transport network (TEN) policy, revised in 2004³, focuses investments on 30 priority transnational axes and projects. The policy has a strong focus on the integration of the networks of the new Member States. As emphasised by the European Council in December 2003, the trans-European axes will reinforce the competitiveness and cohesion of the enlarged Union by better connecting the internal market. The TEN policy does not, however, address transport connections between the EU and the neighbouring countries or other trade partners. These links have been developed through the Pan-European Corridors and Areas since the early 1990's.

1.2.2. *Pan-European Corridors/Areas*

Pan-European Corridors and Areas (PEC) were developed during two Ministerial Conferences in Crete (1994) and in Helsinki (1997) with the aim of connecting the EU-15 with the then neighbouring countries. Following the 2004 and 2007 enlargements, the Corridors are now mainly within the EU and thus part of the TEN network.

The cooperation along the PECs is organised through non-binding Memoranda of Understanding (MoU), which also establish a Chair and Secretariat for most of them. The financing of the Secretariats, being the responsibility of one country along the Corridor, has been uneven and much depends on the particular circumstances of the PEC; in particular, the following weaknesses have been identified:

- Planning and prioritisation of investments is in most cases done in a piecemeal fashion that follows national logic neglecting the needs of international movements along the whole axis.
- The focus is on infrastructure and insufficient attention is paid to removing non-infrastructure related bottlenecks, which are often the primary cause for delays, particularly at border crossings.
- There are no commonly agreed methodologies to assess the economic, social and environmental impacts of plans and projects that would meet the standards of best international practice.

1.2.3. *Network development at regional level*

The identification of core networks in some of the neighbouring regions has gone some way to addressing the weaknesses of the Pan-European Corridors/Areas. These exercises, supported under the accession framework and the bilateral action plans of the European Neighbourhood Policy, aim at improving the policy implementation and infrastructure of the regional transport systems:

³ Decision No 884/2004/EC.

- In 2004 the countries in the Western Balkans⁴ and the European Commission signed a Memorandum of Understanding for the development of a core network. A Steering Committee was set up to implement the MoU, which is supported by a Secretariat and the South East Europe Transport Observatory (SEETO). SEETO is operational since June 2005 and aims to establish information systems and to formulate a five-year multi-annual plan and procedures for improving the core network. In addition, the international donors, led by the World Bank and the EU have set up an Infrastructure Steering Group to coordinate donor activities.
- In the Mediterranean region, cooperation in the transport sector was launched in 1995 under the Barcelona Process, which set goals designed to lead to a free trade area in the Mediterranean region by 2010. A Euro-Mediterranean Transport Forum was created in 1998 to co-ordinate common approaches and to develop an integrated regional transport system. The first Euro-Mediterranean Transport Ministerial Conference, which took place in 2005, identified the main priorities for the development of the transport sector and requested the Forum to adopt a regional transport action plan for the next five years.
- Turkey is in the process of identifying a core network and a list of priority infrastructure projects as part of the accession negotiations. Turkey is involved in both the Pan-European Corridors and the TRACECA corridor.
- The TRACECA corridor, developed since 1993, connects Europe with Turkey and further with Armenia, Azerbaijan and Georgia in the Southern Caucasus until Central Asia. Cooperation is organised through a basic multilateral agreement signed by the countries concerned⁵, which set up an Inter-Governmental Commission and a permanent Secretariat. The Secretariat supervises the implementation of the decisions of the Commission and puts forward appropriate proposals to ensure the realisation of the multilateral agreement.
- For Belarus, Moldova and Ukraine, the Pan-European Corridors remain the reference network.
- Regarding Russia, cooperation in transport is established under the EU-Russia dialogue that was launched in 2005. Five expert working groups have been created, covering transport strategies, infrastructure and public-private partnership; transport security; air transport; maritime, sea-river and inland waterway transport; road and rail transport.
- The Caspian and Black Sea cooperation is established as a follow-up to the EU-Black Sea-Caspian Basin Transport Ministerial Conference in 2004 in Baku and it brings together the TRACECA countries, Russia and Belarus. As part of this “Baku process”, four expert working groups have been set up in transport, covering aviation, security, road and rail transport, and infrastructure. The objective is to

⁴ Albania, Bosnia and Herzegovina, Croatia, Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo (under the UN Security Council Resolution 1244).

⁵ These are: Afghanistan, Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, Romania, Tajikistan, Turkey, Ukraine and Uzbekistan. Pakistan and Iran have applied for TRACECA membership.

strengthen cooperation between the EU and the partner States and, even more importantly, among the countries of the region.

The Commission believes that these initiatives are a key step in achieving sustainable development and regional integration. Notably, the process of integrating the neighbouring countries into the EU markets and society requires compatible and interconnected infrastructure and approximated regulatory environments. It also requires focusing on a limited number of key transnational connections to ensure that the inevitably scarce resources bring about a noticeable stimulus to trade and economic growth both in the EU and in the neighbouring countries. An outline of such a policy is presented below (Chapter 2).

1.3. Policy development process

To implement the concept of European Neighbourhood Policy into the transport field and to find ways to better connect the EU with its neighbours, the European Commission established in 2004⁶ the High Level Group on the *Extension of the major trans-European transport axes to the neighbouring countries and regions*, chaired by former Commission Vice-President Loyola de Palacio. The report⁷ of the Group was submitted to the Commission in December 2005. A public consultation process was organised throughout the work of the Group to integrate the views and concerns of the stakeholders. Whilst the majority of stakeholders welcomed the Group's recommendations; some concern was raised regarding the inclusion of environmental and social aspects⁸.

2. GUIDELINES FOR TRANSPORT IN EUROPE AND NEIGHBOURING REGIONS

Having examined the proposals of the High Level Group and the reactions received through the public consultation, the Commission considers that the Group's work forms a good basis for cooperation between the EU and the neighbouring countries. The Commission therefore recommends to the Council and to the European Parliament to take note of the Group's report and accept the proposal to revise the concept of the Pan-European Corridors/Areas (PEC) in the following ways:

- To extend the geographical coverage of the concept of the PECs to take fully into account the revised trans-European network policy and the accession framework and European Neighbourhood Policy objectives.
- To extend the relevant internal market principles and rules to the neighbouring countries by taking into account sustainability and by underlining the importance of non-infrastructure measures to facilitate trade and transport flows along the main axes.
- To strengthen coordination and monitoring frameworks to ensure full commitment of the countries concerned, to enable pooling of resources towards sustainable development of infrastructure and enabling the projection of the Union's policies, including the social dimension.

⁶ Commission Decision C(2004) 3618 of 29 September 2004.

⁷ See http://europa.eu.int/comm/ten/transport/external_dimension/index_en.htm

⁸ The written and oral contributions for both consultations can be downloaded from http://ec.europa.eu/ten/transport/external_dimension/hlg/index_en.htm

2.1. Five axes to connect the EU and the neighbours

The Commission considers that the extent of the Pan-European Corridor/Area concept needs to be updated to reflect the new geopolitical context following the EU enlargement and to better connect the major axes of the trans-European networks with those of the neighbouring countries. It therefore proposes to adopt the following five transnational axes, which are in line with those proposed by the High Level Group (for the alignment, see Annex):

- Motorways of the Seas: to link the Baltic, Barents, Atlantic (including Outermost Regions⁹), Mediterranean, Black and the Caspian Sea areas as well as the littoral countries within the sea areas and with an extension through the Suez Canal towards the Red Sea.
- Northern axis: to connect the northern EU with Norway to the north and with Belarus and Russia to the east. A connection to the Barents region linking Norway through Sweden and Finland with Russia is also foreseen.
- Central axis: to link the centre of the EU to Ukraine and the Black Sea and through an inland waterway connection to the Caspian Sea. A direct connection from Ukraine to the Trans-Siberian railway and a link from the Don/Volga inland waterway to the Baltic Sea are also included.
- South Eastern axis: to link the EU with the Balkans and Turkey and further with the Southern Caucasus and the Caspian Sea as well as with the Middle East up to Egypt and the Red Sea.
- South Western axis: to connect the south-western EU with Switzerland and Morocco, including the trans-Maghrebin link connecting Morocco, Algeria and Tunisia and its extension to Egypt.

Following the analysis made by the High Level Group, these five axes contribute most to promoting international exchanges, trade and traffic. They also include some branches in regions, where traffic volumes are relatively low due to current political problems, aiming thus at strengthening regional cooperation and integration in the longer term. In this context, the Commission underlines that open and secure borders between the EU and the neighbouring countries and between the neighbouring countries themselves are of fundamental importance for stimulating trade and strengthening regional cooperation.

The Commission proposes to consider at this stage only the connections linking the EU with the neighbouring countries and not those links from the neighbouring countries to third countries (see however point 2.1.2). It also underlines that these five axes do not amend the priorities set for the trans-European transport networks for the EU (see point 1.2.1).

2.1.1. Integration of the Pan-European Corridors/Areas

In line with the views of the Pan-European Corridor Chairs, the Commission proposes to fully integrate the PECs into the new structures and to build on their expertise. Whilst most of the Pan-European Corridors I, IV, V, VI and VII are now in the territory of the EU and thus part

⁹ Canaries Islands, Azores and Madeira.

of a priority project of the trans-European transport networks, the remaining Corridors are covered by the proposed five axes as follows:

- The four Pan-European Areas (Barents, Black, Ionian and Mediterranean Seas) are incorporated into the Motorways of the Seas as far as maritime connections are concerned.
- Northern axis incorporates the PEC II and the northern part of PEC IX. It also includes a land connection to the Pan-European Area of Barents linking Norway through Sweden and Finland with Russia.
- Central axis includes the PEC III and a branch of PECs V and IX.
- South Eastern axis merges and extends the PECs IV and X, incorporates PECs VII and VIII as well as a branch of PEC V. The axis is further extended to the Middle East and it joins with TRACECA in Turkey, Armenia, Azerbaijan and Georgia.
- South Western axis includes a land connection in the Pan-European Area of the Mediterranean.

2.1.2. Cooperation with other organisations

The Commission considers essential that the development of the five axes is closely coordinated with organisations developing international transport corridors in other regions. These include in particular the TRACECA corridor in Central Asia, the trans-African networks¹⁰ as well as networks linking Europe with Asia, developed by the United Nations Economic Commission for Europe, the United Nations Economic and Social Commission for Asia and the Pacific and the European Conference of Ministers of Transport.

2.2. Infrastructure projects

The High Level Group put forward a number of infrastructure projects, which it classified into two categories depending on the maturity. The public consultation raised concerns that the further development of some of the transnational axes could have negative impacts on the surrounding environment and particularly on biodiversity. The Commission therefore proposes to consider the project lists as indicative and underlines the importance of developing master plans for the axes. These master plans should be subject to strategic economic, environmental and social impact assessment in line with best international practice and when relevant with EU legislation¹¹.

2.3. Horizontal measures to promote interoperability

The Commission proposes to endorse the horizontal measures proposed by the High Level Group as the basis for cooperation in view of making transport along the axes more rapid and effective. These measures aim at gradually approximating the neighbouring countries'

¹⁰ These are developed under the framework of African Union and the EU-Africa Partnership on Infrastructure.

¹¹ For practical guidance on the implementation of socio-economic appraisal and on strategic environmental assessment, see the 6th Research Framework Programme projects HEATCO at <http://heatco.ier.uni-stuttgart.de/> and BEACON at <http://www.transport-sea.net/results.phtml>

legislation and policies with the relevant *acquis communautaire*; they concern all transport modes and include, among others:

- Ensuring technical, legal and administrative interoperability with systems in the EU as regards e.g. railway networks, signalling systems, infrastructure charging schemes.
- Speeding up border crossing procedures by implementing without delay the relevant international conventions, as already adopted in the EU, by introducing “one-stop” offices through shared facilities, simplification and harmonisation of trade and transport related documentation in line with the EU practice.
- Implementation of new technologies like traffic management and information systems in all modes (notably ERTMS¹² and SESAR¹³), including satellite navigation (Galileo), that are effective and compatible with those implemented in the EU territory.
- Measures to improve safety and security and working conditions in all transport modes, e.g. through harmonisation of standards and procedures at the highest level of performance.
- Application of international conventions, social and environmental impact assessment, public procurement procedures etc. in accordance with the EU standards, donors' funding rules and best international practice.

2.3.1. *EU cooperation to implement horizontal measures*

Action plans under EU cooperation frameworks are one of the key instruments for the implementation of the horizontal measures. These action plans are jointly agreed with partner countries with the following aims (see also point 1.2.3):

- For candidate and potential candidate countries, the aim is gradual alignment with the *acquis communautaire* in all sectors.
- Regarding the countries under the ENP, bilateral action plans and strategy papers identify priorities in a broad range of areas, including transport and customs as well as in cross-cutting fields like environment and social issues.
- Multilateral cooperation, in particular in the context of the implementation of the TRACECA strategy until 2015 and the Baku process, as well as the plans for a Mediterranean regional transport action plan complement the bilateral action plans.
- Cross-border cooperation between adjacent regions in the EU and in the neighbouring countries will play a growing role including actions to improve transport as well as to increase cooperation in legal and administrative areas.

Whilst the EU cooperation frameworks already address most of the horizontal measures, the Commission believes that there is a need to look at them in conjunction with infrastructure

¹² ERTMS is the European Rail Traffic Management System.

¹³ SESAR is the European air traffic control infrastructure modernisation programme.

development along the major trans-national axes. This is to ensure that the most important bottlenecks along an axis are addressed in a synchronised and timely manner and that the different procedures and standards are compatible along the whole axis used by international transport to and from the Union.

3. IMPLEMENTATION OF THE POLICY GUIDELINES

3.1. Multilateral structure for coordination and monitoring

The growing challenges facing the EU make it even more important to improve the efficiency and the coherence of its external policies and to deliver better strategic planning, more coherence between its various external policy instruments, and enhanced cooperation between the EU institutions, the Member states, the neighbouring countries and other relevant stakeholders. This cooperation should:

- Bring together the countries in a multilateral setting whilst at the same time enabling effective regional cooperation.
- Promote interoperability of networks between the EU and the neighbouring countries and further approximation of legislation and policies in the neighbouring countries towards EU standards with a view of ensuring continued economic and social development and environmental sustainability.
- Address development needs of infrastructure projects of mutual interest and attract and direct investments to these projects.
- Monitor the removal of non-infrastructure related bottlenecks and the implementation of the horizontal measures along the axes.
- Ensure and promote sustainable development by taking into account the economic, environmental and social consequences of infrastructure plans and projects and horizontal measures.

3.2. Financing of the measures

Implementation of this ambitious plan requires pooling together all the relevant financing sources, both public and private as well as nationally and internationally. Whilst the public budgets will remain important, the role of the international financing institutions (IFIs) such as the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the World Bank is crucial in funding the balanced development of the major transnational axes and the overall transport system.

The Commission recommends to build on the successful cooperation with the IFIs in the Western Balkans Infrastructure Steering Group (see point 1.2.3) and to extend the concept to other regions. EU Member states and other donor should be integrated in such cooperation when relevant.

From 2007 onwards the European Neighbourhood and Partnership Instrument (ENPI) will provide financial assistance to neighbouring countries. This will include support for Financial Institutions lending in the priority sectors through a proposed “Neighbourhood Investment Facility” as well as support for the implementation of the horizontal measures. In addition EU

assistance could help countries to prepare for investments by supporting studies on the definition of master plans, feasibility of projects and on public-private partnerships.

In addition the Commission proposal for the new EIB external lending mandates for 2007-2013 foresees a considerable increase in the lending ceilings for the neighbouring countries. A specific Memorandum of Understanding has been signed between the Commission, the EIB and the EBRD to facilitate co-operation in Eastern Europe and Southern Caucasus, in Russia and Central Asia.

The Pre-Accession Instrument (IPA) will provide financial assistance to the candidate countries and the potential candidate countries (see point 1.1). Depending on the status of the country, the range of support varies. The candidate countries will be offered the full range of pre-accession assistance, including support to fulfil the accession criteria and to prepare for cohesion policy, including investments in infrastructure, whereas the potential candidates will benefit from a more limited range of measures.

3.3. Institutional setting

Following the analysis presented in the preceding chapters and the strong support received from the different stakeholders through the public consultation, the Commission is of the opinion that a strong binding coordination framework is essential. This would ensure strong commitment and joint ownership of the countries concerned to implement the necessary measures in a timely and synchronised manner along the axes.

One possible coordination framework could foresee the establishment of a cost effective institutional setting to support the implementation and monitoring of the axes. This could entail the setting up of a three-level structure consisting of:

- Regional steering groups to follow the implementation of the agreed axes and measures at technical level. The regional steering groups could also organise Donors' Conferences by axis and involve social partners and other stakeholders when relevant. All the regional steering groups should meet together regularly, e.g. annually, to ensure coherent implementation of the agreed measures as well as to agree on common methods for strategic and project level assessment and monitoring.
- Ministerial meetings to take strategic decisions regarding the coordination framework as well as the transnational axes, infrastructure projects and horizontal measures and their further development based on a joint recommendation of the regional steering groups.
- A Secretariat to provide administrative and technical support. Sustainable, sufficient and long-term financing for the Secretariat should be guaranteed envisaging contribution from the countries concerned by the axes to strengthen their commitment and ownership.

To ensure cost effectiveness and to avoid unnecessary duplication of work, the existing regional Steering Groups and Secretariats should provide the above functions, whenever they exist (see point 1.2.3).

3.4. Stepwise approach

To speed up the overall process and to ensure that the format and content of the cooperation structure meets the needs and expectations of the parties concerned, the Commission will take a two-step approach to implement the policy:

1. In the first phase, exploratory talks would be launched with all the neighbouring countries. These talks would aim at assessing the interest and commitment of the countries to strengthen the multilateral coordination frameworks, where these exist, or to put such a framework in place, where these do not exist today. In this phase, eventual interim solutions would also be sought to allow for uninterrupted development of the axes.
2. As a second step, following the outcome of the exploratory talks, the Commission would make concrete recommendations and/or proposal to implement the policy and coordination framework.

Annex - Alignment of the five trans-national axes

