



# Building bridges

Directorate-General  
for Energy  
and Transport



- EXTENSION OF THE MAJOR TRANS-EUROPEAN TRANSPORT AXES TO THE NEIGHBOURING COUNTRIES

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The European Union must aim for greater economic integration with its neighbours through an ambitious neighbourhood policy. Such integration requires a more effective transport market.

How can we achieve a more effective transport market between the European Union and its neighbours? On 31 January 2007, the European Commission adopted, on my initiative, a communication setting out a roadmap to attain this objective: 'Guidelines for transport in Europe and neighbouring regions'.

I have identified the five major transport axes that are most important for international trade between the Union and neighbouring countries and beyond, as well as the measures needed to reduce delays on these axes: improvement of infrastructure, along with simplification of customs procedures and reduction of administrative barriers.

Implementation of such measures will facilitate the spread of internal market principles in the field of transport to countries neighbouring the European Union.

I was able to bring this work to a successful conclusion thanks to the efforts of the high-level group chaired by Loyola de Palacio. The group brought together representatives of the EU Member States and 26 neighbouring countries from eastern Europe, the Balkans, the Caucasus region and the entire Mediterranean rim. This publication gives me the opportunity to pay tribute to the late Loyola de Palacio. It is thanks to her commitment at the head of the high-level group that we are able to implement these measures today.

To put this ambitious policy into practice, we need solid coordination structures that guarantee a strong commitment by the stakeholders, both Member States and neighbouring countries alike. All relevant financing sources, whether public or private, regional, national or international, will also have to be pooled. The neighbourhood investment fund will be the ideal mechanism to encourage investments in transport and to make the attainment of the objectives set by the Communication possible.

This range of measures, ambitious but achievable, will give new impetus to economic integration between the European Union and its neighbours. It will also help promote regional cooperation between them. Thanks to improved transport axes, we will develop closer relations with our neighbours while stimulating trade and tourism.

A handwritten signature in black ink, reading 'J Barrot'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line.

*Jacques Barrot,  
Vice-President of the European Commission  
with responsibility for Transport*

# POLICY CONTEXT AND CHALLENGES

## EU enlargement and European neighbourhood policy

A new geopolitical situation — and a new situation for the transport sector — was created when the European Union enlarged with 10 countries of central and eastern Europe and the Mediterranean in May 2004. This historic enlargement eastwards and southwards was continued as Bulgaria and Romania joined the EU in January 2007.

The newly enlarged EU-27 not only has more Member States, it has a new set of external frontiers and a new set of neighbours on its borders. Some of the surrounding countries — Croatia, the Former Yugoslav Republic of Macedonia, and Turkey — have been formally named candidates for EU membership. The other countries from the western Balkans — Albania, Bosnia and Herzegovina, Montenegro, and Serbia/Kosovo — are seen as potential candidates.

Meanwhile, 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 to promote peace, stability, security, growth, development and prosperity in the neighbouring countries as well as modernisation of the economy and society.

Twelve bilateral ENP action plans have thus far been agreed with Ukraine, Moldova, Armenia, Azerbaijan, Georgia, Morocco, Tunisia, Jordan, the Palestinian Authority, Israel, Lebanon and Egypt. The action plans support the implementation of national plans and reform programmes in the political, economic, social and institutional fields.

The EU and Russia have decided to strengthen ties in a different framework by building cooperation in four so-called 'common spaces': a common economic space; a common space of freedom, security and justice; a space of cooperation in the field of external security; and a space of research and education, including cultural aspects.

Transport is a key element in the EU's cooperation with neighbouring countries and its efforts to promote the conditions for sustainable economic growth, trade and cultural exchange. Transport is also one of the areas where the EU works to facilitate the spread of its own internal market principles and rules abroad. Under enlargement policy, candidate countries have to align themselves with EU legislation on transport in the interests of a well-functioning internal market, while ENP aims to ensure that legislation, standards and technical specifications of main trade partners are compatible with those of the EU. In the transport sector the action plans concentrate on measures designed to improve the safety, security and efficiency of transport operations as well as the development of an efficient transport network.

Closer cooperation in transport fosters economic development and trade. This in turn can contribute to wider aims: transport can have an important enabling role in strengthening regional cooperation and integration across borders.

## Need for modernisation

Neighbouring countries will only be able to take full advantage of closer relations with the EU and improved access to its market if their transport sectors can handle today's complex transport flows. Trade between EU and non-EU countries can only reach its full potential if the transport links over road, rail, air and water are of good quality and systems are interoperable, safe and secure.

Recent studies forecast continued rapid growth in trade flows and freight transport. Strong growth is predicted in trade between the enlarged EU and the neighbouring countries, in particular with Turkey and Russia. Overall, traffic volumes between the EU and the neighbouring countries are expected to grow by more than 100% between 2000 and 2020.

## A N S P O R T   A X E S   T O   T H E   N E I G H B O U R I N G   C O U N T R I E S

However, the existing coordination structures for transport connections between the enlarged EU and its neighbours do not take into account the EU's enlargement process, nor do they reflect today's transport demands. Therefore, they need to be modernised. This means looking at key transport axes — core cross-continental routes — to ensure efficient flows of traffic and goods.

The EU's trans-European transport network policy (TEN-T) focuses on the integration of transport networks of all the 27 Member States. The TEN-T policy does not, therefore, address transport connections between the EU and the neighbouring countries or other trade partners.

Several important transport routes across central, eastern and south-eastern Europe — known as pan-European corridors — were developed from the early 1990s. Largely lying outside the EU, the pan-European corridors helped to link the EU to its then neighbours.

But with the entry into the EU in 2004 and 2007 of 12 new countries, the pan-European corridors are now mainly within the EU and thus form part of the TEN-T network — leaving a policy gap in terms of improving transport links between the larger EU and the new neighbours on its reshaped frontiers.

Hindrances to transport between the EU and its neighbours also stem from the different technical, administrative, organisational and legal systems and procedures used in different countries. This lack of interoperability and policy harmonisation causes bottlenecks and unnecessary delays, especially at border crossings.

The huge diversity of signalling, information and telecommunication systems used in the different countries is a major obstacle to the integration of transport systems, and increases costs. For instance, the lack of full rail interoperability between the EU and its neighbours can cause border delays in the order of hours or even days, whereas under ideal conditions changing locomotives at a border should not take more than 10 to 15 minutes.



# CONNECTING THE EU AND ITS NEIGHBOURS

## Updating the policy

To make sure that the EU and its neighbours establish the modernised transport connections they need, the EU's major axes of the trans-European networks have to be linked up with the transport networks of neighbouring countries. Physical and technical connections between and along major transport axes must be improved.

This is the focus of the European Commission's January 2007 communication 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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### The communication recommends:

- extending the geographical coverage of pan-European corridors taking into account the trans-European network policy, the EU accession framework and ENP objectives;
- extending the relevant internal market principles and rules to the neighbouring countries by underlining the importance of non-infrastructure measures to facilitate trade and transport flows along the main axes;
- strengthening 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.

In its communication the Commission identifies five major transnational transport axes. It is important to focus on a limited number of such key transnational connections to ensure that the inevitably scarce resources available stimulate trade and economic growth both in the EU and in the neighbouring countries. Development of these key pathways will contribute to efficient

and smooth traffic flows across the European continent and beyond (see also next page).

This work should build on existing efforts to develop regional transport networks. Several regions neighbouring the EU have defined a core network or are launching exercises to do so. Such exercises, supported under the EU accession framework and ENP action plans, aim at improving the policy implementation and infrastructure of the regional transport systems.

The Commission's recommendations are based on firm foundations. A high-level group established in 2004 on the extension of the major trans-European transport axes to the neighbouring countries and regions said in its final report that there was a need to develop infrastructure and interoperability along five major transnational transport axes. By reducing delays and costs, this would facilitate traffic flows between countries and stimulate trade and sustainable economic growth.

The group comprised 54 countries — spanning EU members and neighbours to the north, the east and around the Mediterranean — and three international financing institutions — the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), and the World Bank.

## Focusing on five key transport axes

The five transnational transport axes proposed by the European Commission are the result of a major strategic reflection on the future transport priorities for the EU and its neighbourhood, and of a broad consensus of the countries in the high-level group to work in this direction.

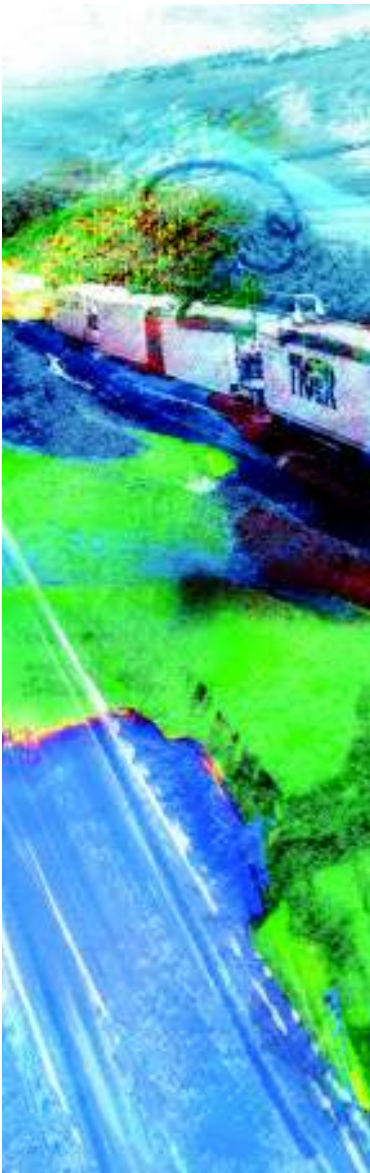
The axes will be crucial to ensuring that the EU and neighbouring countries enjoy smooth transport links and therefore develop their economies and trade, acting as an overarching framework for developing obstacle-free movement for all modes of transport.

The five axes were chosen because they will contribute most to promoting international exchanges, trade and traffic. They also include some branches in regions where traffic volumes are relatively low due to political problems, aiming therefore to strengthen regional cooperation and integration in the longer term.

The axes (see box) cover a vast range of territory in all directions of the compass — across the European continent from Morocco in North Africa to Russia in the east, from the warm shores of the Mediterranean in the south to the chilly waters of the Barents in the north, and stretching also to some of the EU's most remote areas like the Canary Islands and the Azores.

The 'Motorways of the Sea' concept envisages amongst other things an extension through one of the most strategically important shipping routes in the world, the Suez Canal. Links to the energy-rich Caspian and even a connection from Ukraine to Russia's epic trans-Siberian railway are also foreseen among the axes.

Master plans should be developed for these five axes — plans that should be subject to strategic economic, environmental and social impact assessment. This in turn would provide the basis for selecting specific infrastructure projects.



## The five transnational axes (see map on pages 6 and 7)

### Motorways of the Seas

Linking the Baltic, Barents, Atlantic, 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 toward the Red Sea.

### Northern axis

Connecting 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

Linking 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

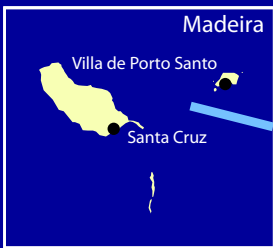
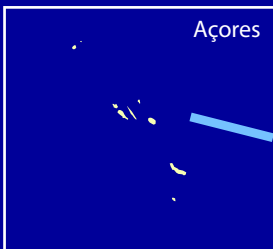
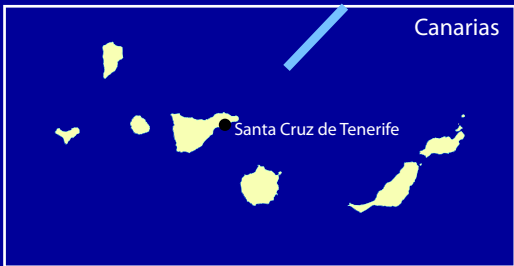
Linking the EU with the Balkans and Turkey and further with the southern Caucasus and the Caspian Sea as well as with the Middle East up to Egypt and the Red Sea.

### South-western axis

Connecting the south-western EU with Switzerland and Morocco, including the trans-Maghrebin link connecting Morocco, Algeria and Tunisia and its extension to Egypt.

EXTENSION OF THE MAJOR TRANS-EUROPEAN TRAN

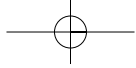
# The five major transnational axes



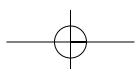
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TRANSPORT AXES TO THE NEIGHBOURING COUNTRIES



# MAKING THE JOURNEY SMOOTHER

## Complementary measures to reduce delays

For the axes to work effectively, it will not just be a question of building up the physical infrastructure but also in particular of taking complementary steps to reduce delays.

In many cases, obstacles and bottlenecks occur, especially at borders, due to a lack of policy and administrative interoperability and harmonisation. Common market rules that reflect the best international practice are important for the development of international trade and the effective implementation of the priority axes and projects. Technical interoperability is a key element facilitating cross-border traffic and a major factor in the reduction of equipment costs. At the same time, transport infrastructure should also be supported by efficient, integrated traffic management systems.

Some of the transport barriers are related to administrative and border control procedures, such as slow customs clearance, visa procedures, language barriers and safety and security deficits. They result in lost time and reduced profits, which increases prices for transported goods, and restricts business travel and tourism. Such delays may also encourage the use of alternative, longer routes. Ultimately, this will affect economic development.

In order to remove or reduce such obstacles and bottlenecks, the European Commission proposes a series of horizontal measures to make transport along the axes more rapid and effective. These measures aim at gradually harmonising the neighbouring countries' legislation and policies with the relevant *acquis communautaire*, or body of EU law. They concern all modes of transport, and include:

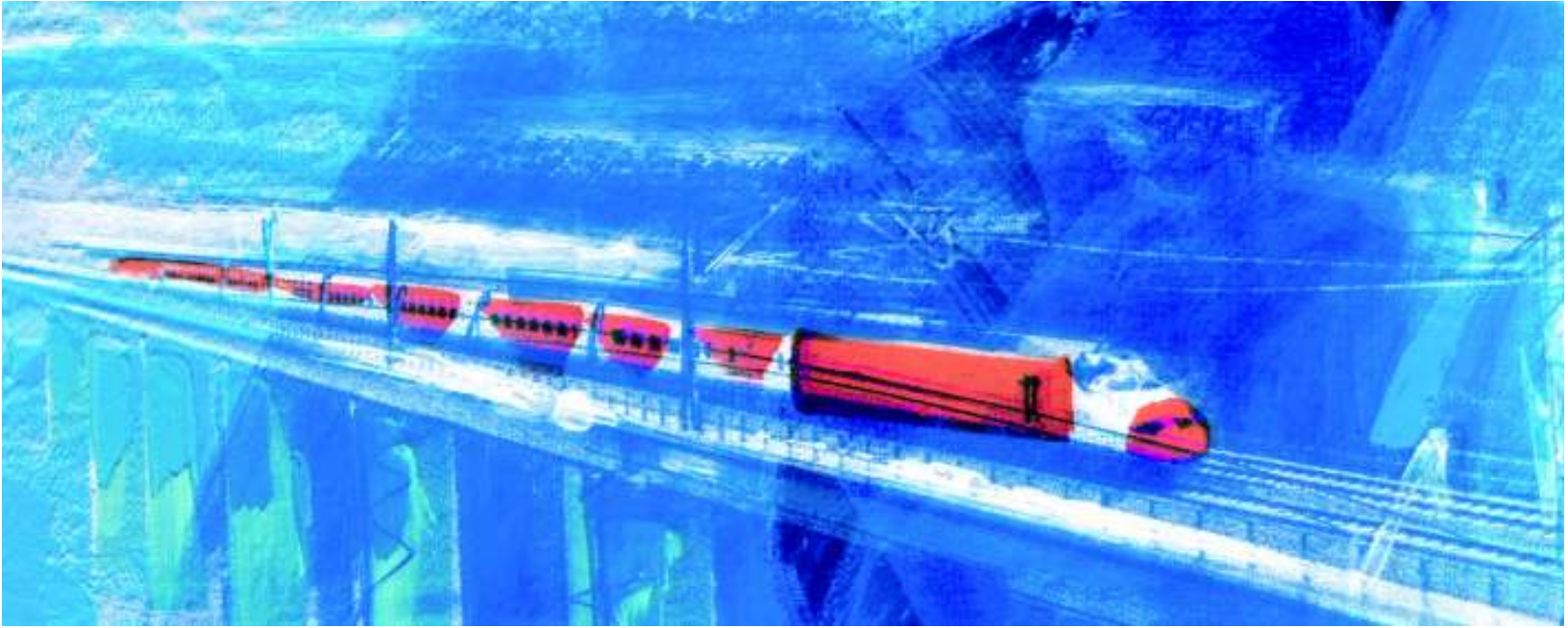
- ensuring technical, legal and administrative interoperability with systems in the EU as regards, for example, railway networks, signalling systems and infrastructure charging schemes;

- speeding up border-crossing procedures by implementing the relevant international conventions, and by introducing 'one-stop' offices through shared facilities and simplification and harmonisation of documentation in line with EU practice;
- implementing new technologies like traffic management and information systems in all modes of transport — notably the European Rail Traffic Management System (ERTMS), the European air traffic control infrastructure modernisation programme (SESAR) and the Galileo satellite navigation system — that are effective and compatible with those implemented in EU territory;
- taking measures to improve safety, security and working conditions in all transport modes, for example through harmonisation of standards and procedures at the highest level of performance;
- applying international conventions, social and environmental assessment, and public procurement rules in accordance with EU standards, donors' funding rules and best international practice.

## The importance of cooperation

In addition to infrastructure and horizontal measures, efficient coordination of actions and investments along the five major axes will be essential for their good functioning. Coordination makes it easier to synchronise investments, plan cross-border projects, and eliminate barriers to transport flows.

Regional and bilateral cooperation is already a strong part of EU transport policy. For candidate and potential candidate countries, the aim is gradual alignment with the *acquis communautaire*. Under the ENP, the EU has bilateral action plans with many partner countries, working together to increase transport



efficiency, safety and security. The aim is to ensure that partners' legislation, standards and technical specifications are compatible with those of the EU.

Cooperation with Russia in transport is pursued under the EU–Russia dialogue launched in 2005. Five expert working groups convene regularly to discuss: transport strategies, infrastructure and public–private partnership; transport security; air transport; maritime, sea–river and inland waterway transport; and road and rail transport.

The western Balkan countries and the European Commission signed in December 2006 a resolution underscoring their political commitment to developing the principal south-east European regional core transport network. In the Mediterranean region, a regular and intensive policy dialogue was established through the Europe–Mediterranean transport forum. The first Euro–Mediterranean transport ministerial conference in December 2005 adopted the transport priorities for the region and mandated the forum to adopt a regional transport action plan as the basis for implementing these priorities in the next five years.

The implementation of the Traceca (transport corridor Europe–Caucasus–Asia) strategy and the 'Baku process' — the Caspian and Black Sea cooperation that brings together the Traceca countries, Russia and Belarus — and plans for a Mediterranean

regional transport action plan complement the bilateral action plans that the EU has with partner countries.

The development of the five transnational axes should build on these existing regional cooperation initiatives on transport. It should also be closely coordinated with organisations developing international transport corridors — like Traceca, trans-African networks, and networks linking Europe with Asia developed by the United Nations and the European conference of ministers of transport.

Whilst these regional cooperation frameworks already address many of the horizontal measures, there is a need to look at them in conjunction with infrastructure development along the major transnational 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 EU.

# DELIVERING THE GOODS

## The funding challenge

The total cost of developing the five axes and the horizontal measures is estimated at EUR45 billion, of which EUR35 billion should be found by 2020.

Funding transport investments is a difficult issue worldwide and budgetary constraints will continue to weigh heavily on the public sector's capacity to finance the necessary investments. These problems are particularly acute in neighbouring countries.

The problem is that transport networks need to be adequate if they are not to hamper economic development, but difficult financial conditions coupled with public deficits make it difficult to improve them. As a consequence, countries will not benefit fully from international trade, and economic growth may be slowed down.

All the relevant financing sources, public and private as well as national and international, will have to be pooled together. Public budgets will remain important but the role of international financing institutions (IFIs) such as the EIB, the EBRD and the World Bank will be crucial in funding the balanced development of the major transnational axes.

The European Commission is looking to build on the existing cooperation with the IFIs in the western Balkans infrastructure steering group — a body coordinating donor activities — and to extend the concept to other regions.

As far as the EU budget is concerned, the EU's pre-accession instrument helps countries to fulfil the EU entry criteria and to prepare them to administer structural and cohesion funds for regional development, including investments in infrastructure. Meanwhile, the European Neighbourhood and Partnership Instrument provides financial assistance to neighbouring countries, including support for financial institutions lending in the priority sectors through a neighbourhood investment fund and support for implementing horizontal measures.

In addition, EU assistance can help countries prepare for investments by supporting studies on the definition of master plans, the feasibility of projects and on public-private partnerships. Moreover, neighbouring countries will benefit from increased EIB lending ceilings for the EU financial period 2007–13.

## Towards an implementation framework ...

In the communication, the Commission emphasises that a strong, binding coordination framework is essential for developing the five key transnational transport axes. 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.

A multilateral structure for coordination and monitoring should:

- bring together the countries in a multilateral setting whilst enabling effective regional cooperation;
- promote interoperability of transport 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 to 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.

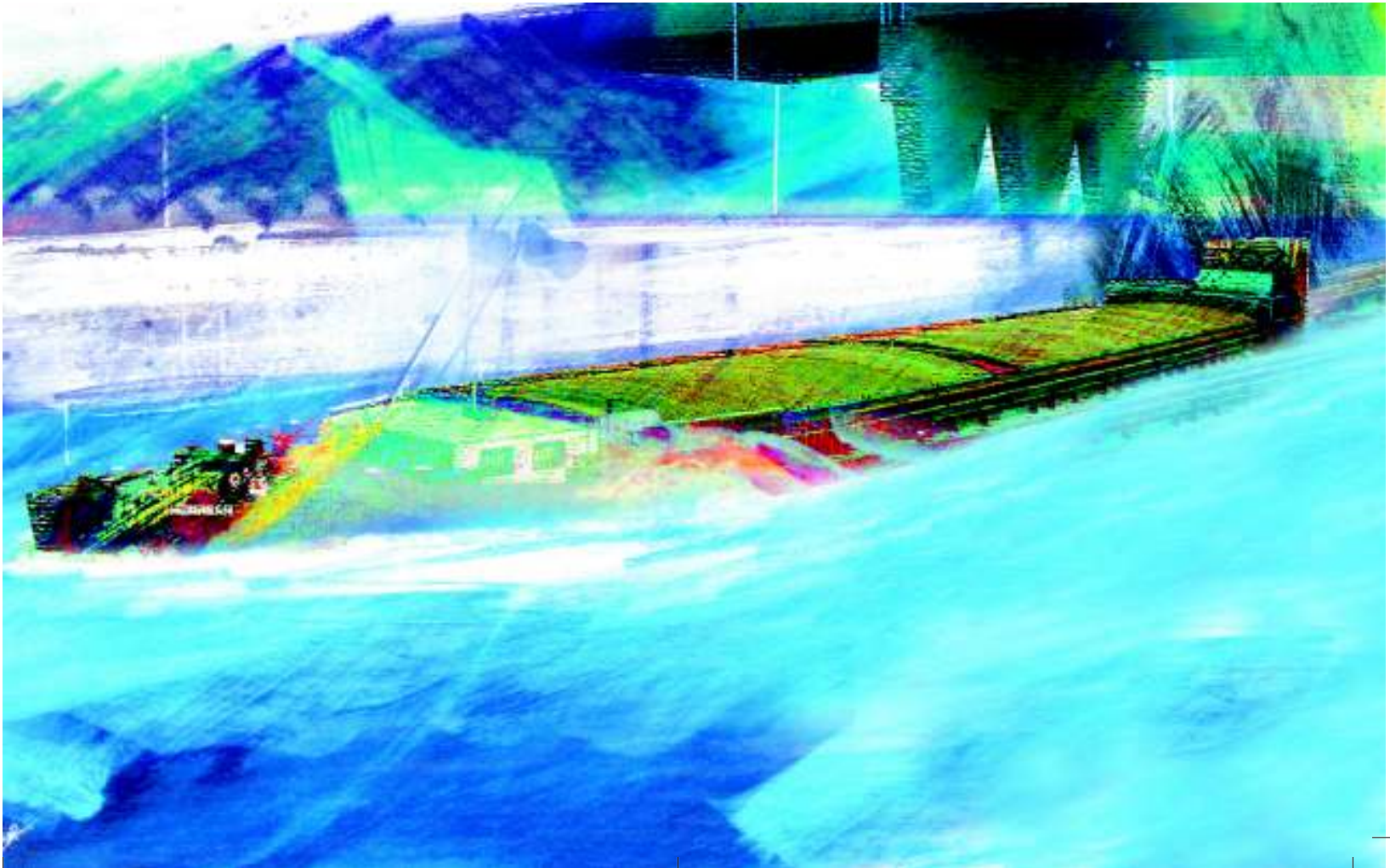
## ... and an institutional structure

The coordination framework could take the form of a cost-effective, three-tiered institutional setting to support implementation and monitoring of the five axes. Such a structure could consist of:

- **Regional steering groups** that would follow implementation of the agreed axes and technical measures. These groups could organise Donors' Conferences by axis and involve social partners and other stakeholders when relevant. All the regional steering groups should meet together regularly — annually, for example — 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** which would take strategic decisions regarding the coordination framework, the transnational axes, infrastructure projects and horizontal measures, based on joint recommendations of the regional steering groups.

- **A secretariat** which would provide administrative and technical support — functions that should be performed by any existing regional steering groups and secretariats to ensure cost effectiveness and avoid duplication. Countries concerned by the axes should make financial contributions to the secretariat in order to strengthen their commitment and ownership and to ensure its sustainable, long-term financing.

The challenge in setting up this implementation framework lies in focusing and grouping together existing transport cooperation activities rather than contributing to their proliferation.



## PUTTING POLICY INTO PRACTICE

The European Commission is actively pursuing a policy of closer integration of the EU transport system with that of neighbouring countries — based on the five major axes. It has set out a clear vision for how the policy should be implemented and how work should be taken forward on the axes.

The policy focuses both on the main infrastructure used by international transport and on the legislation affecting the use of these routes by all modes of transport. Over time this approach aims to develop common rules and regulations for the transport sector as a whole, creating an effective transport market involving the EU and its neighbours.

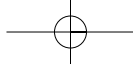
12 The Commission will pursue the policy in two phases, ensuring that the process is swift and that the format and content of the prospective cooperation structure meet the needs and expectations of the parties concerned.

The Commission is actively pursuing discussions with the neighbouring countries as part of its regular bilateral contacts as well as through multilateral fora to explore the commitment of the countries to strengthen cooperation.

Based on the exploratory talks the Commission will make proposals to implement the policy and coordination framework — putting the EU and its neighbours firmly on track to build up much-needed transport links.

The extension of the trans-European networks will give a new impetus for economic development in the neighbouring regions. The prospect of improved infrastructure, simplified procedures and plans to cut red tape promote trade and business contacts and closer integration to Europe.





A N S P O R T   A X E S   T O   T H E   N E I G H B O U R I N G   C O U N T R I E S

