

## EUROPEAN UNION'S FUNDING INSTRUMENTS IN TRANSPORT IN THE PERIOD 2014-2020

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### ABSTRACT

For the period 2014-2020, European Union has settled vital objectives through its Europe 2020 Strategy. All these are not possible without the support of funding instruments. So, the Commission promotes an integrated investment, combining three financing instruments of the European Union: European Regional Development Fund, Cohesion Fund and European Social Fund. The present paper presents a history of cohesion policy and its role in order to meet the goals of Europe 2020 strategy. Having in view that in the core of the Strategy there are four priorities (innovation and research, digital agenda, support for SMEs and low-carbon economy), the paper aims to stress the importance of promoting sustainable transport and improving network infrastructures, especially through developing resource-efficient, secure and competitive transport system like high-speed lines.

**Keywords:** *European Union, Transport, Cohesion Policy, Europe 2020 Strategy, Funding, TEN-T, High-Speed Rail*

### 1. COHESION POLICY

Cohesion Policy is an important tool of investment, being concentrated on reducing the economic, social and territorial disparities, in order to meet the goals of Europe 2020 strategy, meaning: job creation, business competitiveness, economic growth, sustainable development, improving people's quality of life.[1]

Table 1. History of Cohesion Policy in the European Union

Year	Action
1957	The Treaty of Rome mention for the first time the regional differences issue.
1958	The creation of European Social Fund (ESF).
1975	Creation of the European Regional Development Fund (ERDF).
1986	The Single European Act established the legal framework for "Regional Policy".
1988	The integration of Structural Funds into "Cohesion Policy" in order to cope with the accession of Greece, Spain and Portugal.
1993	Maastricht Treaty introduces the Cohesion Fund (CF), the Committee of the Regions and the principle of subsidiarity.
1994-1999	Almost a third of the European Union budget is allocated to the Funds.
1995	The sparsely-populated regions of Finland and Sweden are supported.
2000	Growth, jobs and innovation become the European Union's priorities, mentioned in "Lisbon Strategy".
2000-2006	The accomplishments of Lisbon Strategy's objectives.
2004	The European Union's population has increased by 20% when ten new member states joined.
2007-2013	30% of the budget goes to environmental infrastructure and solutions to combat

	climate change and 25% for research and innovation.
2014-2020	The introduction of simplified rules and a better focus on outcomes in a new programming period.

Source:[5]

The European Union's strategy for the period 2014-2020 has a budget of 351,8 billion euro and concentrates on 11 thematic objectives:

- "strengthening research, innovation, technological development;
- enhancing access to and quality of, information and communication technologies;
- enhancing the competitiveness of SMEs;
- supporting the shift towards a low-carbon economy;
- promoting climate change adaptation, risk prevention and management;
- preserving and protecting the environment and promoting resource efficiency;
- promoting sustainable transport and improving network infrastructures;
- promoting sustainable and quality employment and supporting labour mobility;
- promoting social inclusion, combating poverty and any discrimination;
- investing in education, training and lifelong learning;
- improving the efficiency of public administration."[5]

This investment tool can be efficient, unless there is a well-defined strategy. In the field of transport it can be used in the frame of an existing national or regional transport strategy. In the core of Europe 2020 Strategy there are four priorities and to them must be allocated the ERDF investments: innovation and research, digital agenda, support for SMEs and low-carbon economy.[4]

In the period 2014-2020, the Commission's programmes concentrate more on delivering their objectives. So, the share of Cohesion Policy budget allocated for programmes is reconsidered. Having in view that two thirds of Europeans live in cities, around

50% of ERDF will be spent in cities, helping these to achieve sustainable and smart growth.

Overall, around 336 billion euro are allocated to national and regional programmes for growth and job's investments. The resources are: 187,5 billion euro to the ERDF (European Regional Development Fund), 63 billion euro to the Cohesion Fund, 85 billion euro to the ESF (European Social Fund). The biggest amount is allocated (124 billion euro) to research, development and innovation, small and medium enterprises (SMEs) and low-carbon economy.[4]

The second area of investment (98 billion euro) is represented by employment, social inclusion and education. On the third place are transport and energy network infrastructure with 59 billion euro allocated. The smallest amount (4,3 billion euro) will be invested in the capacity of public institutions and in the efficiency of public administrations and services.[4]

In 2014-2020 the Commission promotes an integrated investment, combining three financing instruments of the European Union: ERDF, CF and ESF. As an example, 88 programmes in 16 countries will be "multi-fund programmes". Cohesion Policy is the biggest funding instrument of the European Union, guiding the investment of a third of its budget in order to achieve the objectives of the Europe 2020 Strategy.

## 2. A RESOURCE-EFFICIENT TRANSPORT IN EUROPE

Focusing on resource efficiency in policy making is both a necessity and an opportunity for the European Union. This flagship initiative sets out a framework to help ensure that long-term strategies in areas such as energy, climate change, research and innovation, industry, transport, agriculture, fisheries and environment policy produce results on resource efficiency.

In 2011, there were adopted several initiatives to deliver on the resource-efficient Europe flagship, such as: "Low-carbon economy 2050 roadmap", "European Energy Efficiency Plan 2020", "White Paper on the future of transport", "Revision of the Energy Taxation Directive", "Roadmap for a resource-efficient Europe", "Cohesion Policy", "TEN-T revision", "Energy roadmap 2050", "Smart grids", "Strategic Technology Plan in Transport" and others.[2]

The initiatives in the field of transport concentrate on a "low-carbon, resource-efficient, secure and competitive transport system by 2050 that removes all obstacles to the internal market for transport, promotes clean technologies and modernises transport networks." [2]

To enjoy the benefits of a resource-efficient and low-carbon economy, the European Commission need to fulfil three conditions. First, it has to take coordinated action in a wide range of policy areas and this action has to be supported by political environment. Secondly, the Commission must act urgently due to long investment lead-times. Last, there is a great need to empower consumers to move to resource-efficient consumption, to drive continuous innovation and ensure that efficiency gains are not lost.[3]

A resource-efficient Europe is one of the seven flagship initiatives as part of the Europe 2020 Strategy, aiming to deliver smart, sustainable and inclusive growth. This lead to investment for jobs and growth in economy.

### 2.1. Financing instruments for TEN-T

In the 2000-2006 period, the European Union' Structural and Cohesion Funds contributed approximately 26 billion euro to TEN projects. From 1995 to 2005, European Investment Bank (EIB) granted loans for TEN projects totalling about 65 billion euro.

For the period 2007-2013 the Council approved 8.01 billion euro in the area of transport and 0.16 billion euro in the area of energy. Because of the scarcity of resources, the Commission indicated that European Union financing resources have to be focused on the projects with the greatest added value for the entire network (for example, projects that have the goal to remove bottlenecks). In addition, the general cohesion policy operational programmes contributed to TEN-T with 43 billion euro. Starting from January 2014, the Connecting Europe Facility (CEF) is the new TEN infrastructure policy of the European Union with a budget of over 33.24 billion euro up to 2020. [9]

The general objectives in transport sector are:

- to remove bottlenecks and to improve cross-border sections;
- to ensure sustainable and efficient transport systems;
- to boost the decarbonisation of all modes of transport;
- to optimise the integration and interconnection of transport modes;
- to enhance the interoperability of transport services and to ensure the accessibility of transport infrastructure.

From the total fund of 33.24 billion euro for the implementation of the CEF for 2014-2020 period, for transport sector have been allocated over 26 billion euro in current prices, of which over 11 billion euro from the Cohesion Fund.[9]

According to the European Parliament's wishes, the priority in terms of funding will be given to more environmental-friendly modes of transport being allocated over 50% of financial fund to rail projects and 25% for road projects. The Commission has to coordinate the projects that are financed from Union's financing instruments (Union budget, the EIB, the Cohesion Fund, the European Regional Development Fund). [9]

The new European Union transport network is vital for the smart and efficient development of Europe. It will improve connections between different modes of transport and contribute to the European Union's climate change objectives. As European Commission Vice-President, responsible for transport, stated: "Transport is fundamental to an efficient European Union economy, but vital connections are currently missing. Europe's railways have to use seven different gauge sizes and only 20 of our major airports and 35 of our major ports are directly connected to the rail network. Without good connections Europe will not grow or prosper." [10]

The final purpose is that the new transport network will ensure safer and less congested travel; smoother and

quicker journeys and progressively, by 2050, the great majority of Europe's citizens and businesses will arrive in almost 30 minutes at any destination they want through this network.

The corridor approach is very important for the core network implementation and 10 corridors will be the basis for the network infrastructure. Each corridor must include three modes, three member states and two cross-border sections. The core network will connect: 83 main European ports with rail and road links, 37 key airports with rail connections into major cities, 15.000 km of railway line upgraded to high speed, 35 cross border projects to reduce bottlenecks. "This will be the economic lifeblood of the single market, permitting a real free flow of goods and people around the Union". [10]

### 3. HIGH-SPEED RAIL

High-speed lines (HSLs) offer European citizens a fast, secure and environmental-friendly mode of transport. HSLs revolutionised sustainable mobility, as high-speed trains develop speeds of 360 km/h. Europe wants to use the trans-European transport network "to link all HSLs on the continent into a proper integrated European high-speed network." [6] The first trans-European HSL between Paris, Brussels, Cologne, Amsterdam and London reduce significantly travel times between major German, French, Belgian, Dutch and British cities, the number of passengers increasing from 15.2 billion passenger-kilometres in 1990 to 92.33 billion in 2008. [6]

Over a half of the 30 TEN-T priority projects have been regarded high-speed lines. One good example of this type of project is ERTMS (European Rail Traffic Management System). ERTMS is an instrument co-financed by the European Union to accomplish "interoperability". It includes the wireless global system for mobile communications – railways (GSM-R) and the European train control system (ETCS). ERTMS makes HSLs interoperable and optimises rail traffic management along international corridors.

Nowadays high-speed trains are the most competitive mode of transport, because "access time is much shorter than by airplane and journey times are shorter than by car." [6] But TEN-T programme boost the cooperation between rail, air and road sector to optimise the integration of transport at European level and in order to improve transport energy use and to protect all the environmental benefits.

The competitive advantage of rail transport is even higher, due to its lowest impact on the environment. For example, a trip from Paris to Marseilles means 2,7 g/pkm (grams per passenger-kilometre) by HS train for CO<sub>2</sub> emissions, compared with 153 g/pkm by air and 115,7 g/pkm by car. As to energy efficiency, HS trains use 12,1 grams of petrol per passenger-kilometre, compared with 17,6 for conventional trains, 18,3 for a coach, 29,9 for a car and 51,5 for an aircraft. [6]

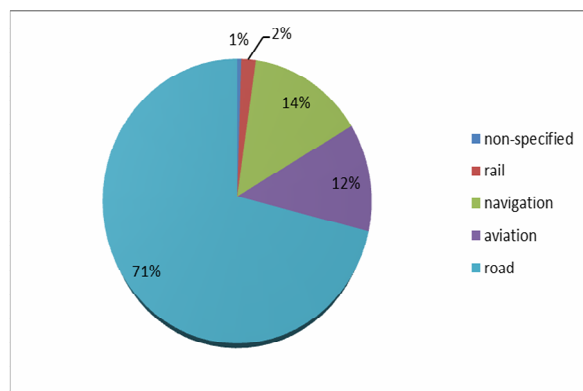


Figure 1 Transport sector CO<sub>2</sub> emissions by mode in 2009 in European Union

Source: [7]

High-speed trains are a truly technological success, the best result of research, development and innovation in European industry. The system parts (platforms, bridges, tunnels, track and power supply) and ERTMS work together perfectly. Due to this fact, ERTMS has become the "global industry standard". [6] Countries, like India, Mexico, South Korea, Taiwan have imported this system for its cost, its technological performance and its positive feedback.

To maintain the environmental-friendly characteristic as the most important advantage of the railway sector, the International Union of Railways and the Community of European Railways agreed on a new strategy towards 2030, focusing especially on CO<sub>2</sub> emissions and energy efficiency levels. The main objectives are:

- "reduce specific final energy consumption from train operation by 30% with respect to 1990 levels (pkm and gross tkm);
- "reduce specific average CO<sub>2</sub> emissions from train operation by 50% with respect to 1990 levels (pkm and gross tkm)." [7]

### 4. CONCLUSIONS

Cohesion Policy is the biggest funding instrument of the European Union, guiding the investment of a third of its budget in order to achieve the objectives of the Europe 2020 Strategy.

A resource-efficient Europe is one of the seven flagship initiatives as part of the Europe 2020 Strategy, aiming to deliver smart, sustainable and inclusive growth. The new European Union transport network is vital for the smart and efficient development of Europe. The final purpose is that the new transport network will ensure safer and less congested travel; smoother and quicker journeys and progressively, by 2050, the great majority of Europe's citizens and businesses will arrive in almost 30 minutes at any destination they want through this network.

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