



REVIEW OF THE CEF POST-2020 PRINCIPLES ADVOCATED BY THE CPMR

(Approved by the CPMR Political Bureau on 10 March 2017, Gozo, Malta)

The Regulation of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility (CEF) will be reviewed for the next programming period. The European Commission has begun preparing for this review, and it is expected to publish a legislative proposal in 2018.

This Regulation is of the utmost importance for CPMR regions, as it lays down the eligibility rules and co-financing rates for the different types of transport projects and the percentages for budget allocations between different objectives.

This draft policy position focuses on the content of the changes to be made to the current CEF Regulation. It advocates the incorporation of principles defended by the CPMR into the future Regulation: improved accessibility for different territories, the contribution of transport networks to territorial cohesion, and support for ports and maritime transport. Some proposals will have to be worked out in further detail before the end of 2017, by drawing on the outcomes of internal discussions and external contributions that are required on certain subjects.

This paper will be supplemented in the coming months by a draft position, drawn up together with the CPMR geographical commissions, on the geographical dimension of the CEF as set out in Annex 1 of the current Regulation (the routing of the 9 priority corridors and the list of the “other priority sections” of the TEN-T core network). Annex 1 must be amended so that the priority corridors take into account infrastructures, especially port facilities, located in their vicinity, notably in the comprehensive network. These effectively play a key role in sustaining the corridors.

1. The currently unclear status of the review

1.1. The CEF: a recent instrument which covers three sectors

On the timescale of European policies, the CEF is a recent instrument, having been launched in 2014. Its principal innovation lies in its support for three distinct areas, each of which comes under the responsibility of a different European Commission Directorate General (Transport, Energy and Telecommunications).

The form the facility will take after 2020 has not yet been decided. At present, the Commission is consulting stakeholders in the framework of the CEF mid-term evaluation. It published an online questionnaire in November¹ and is expected to produce a final report on the outcome of this evaluation to the Parliament and the Council by September 2017. Later, an impact assessment will be undertaken more specifically on the future of the programme after 2020.

1.2. Uncertainty about the structure and timetable for the future Regulation

It would be premature for the CPMR to prepare very detailed positions until the Commission issues its post-consultation proposals and certain points have been clarified concerning:

- whether there will be a **specific European Fund for transport** after 2020, or whether the current CEF set-up, in which transport is one of three strands, will be maintained;
- the relative share of loans and grants in the future transport budget. The Commission's wish to promote financial instruments other than "pure grants" applies to the transport sector. It has thus launched a "blending call" for projects to mobilise CEF grants (to the tune of €1bn) together with private financing and financing from national development banks/the European Investment Bank, including by the EFSI.
- **the timetable** for the next Multiannual Financial Framework will not be settled until 2018, when the Commission will submit formal legislative proposals. Brexit is contributing to this uncertainty as it will have a negative impact on the size of the EU budget, and it is impossible to know which policies will be most affected by budget cuts;
- **the European Parliament** is co-legislator for the CEF review, but the terms of its contribution (an own-initiative report?) are not yet known. **The Council** needs to take up this matter at the beginning of the Estonian Presidency of the EU in the second half of 2017.

The CPMR's proposals will be drawn up as and when the details and timetable are clarified. They will in particular draw on the evaluations conducted by the European Commission.

1.3. A territorial assessment of the "early results" of the CEF is necessary

One element of analysis is currently lacking, and this concerns the geographical distribution of CEF funds for 2014. Although it is known that 95% of the budget was allocated to projects related to the 9 priority corridors, more detailed figures have not been made public. It is therefore impossible to measure how and to what extent different types of territories or modes of transport (e.g. maritime transport) have been favoured or disadvantaged.

¹ The CPMR Secretariat General responded on 6 February further to discussion at a meeting of its Transport Working Group on 27 January: [CPMR response](#)

The CPMR would like to have this objective information in order to draw up better-supported proposals. Steps have been taken to encourage the European Parliament to finance a territorial assessment of the implementation of the CEF. This request has also been mentioned in the draft [Written Declaration](#) of the European Parliament on the need for the Ten-T to support accessibility of the regions.

The future of the CEF and its funding after 2020 is uncertain.

Between now and 2018, the CPMR will closely monitor the preparation of the legislative proposal for a reformed facility. It will take into account the preparatory evaluations and analysis conducted by the Commission.

The CPMR calls on the European Parliament to take the initiative by undertaking a quantitative and qualitative evaluation of the implementation of the CEF since 2014, focusing on its contribution to the reduction of unequal levels of accessibility among different territories.

2. The notion of territorial cohesion needs to be introduced into the future Regulation

2.1. Accessibility should be included among the “specific sectoral objectives” for transport

Three objectives are described in Article 4.2 of the current Regulation. The need to improve territories’ accessibility is not one of them. This contravenes Article 4 of the TEN-T Regulation, which stipulates that this policy should promote the *“accessibility and connectivity of all regions of the Union, including remote, outermost, insular, peripheral and mountainous regions, as well as sparsely populated areas.”* **The improvement of accessibility could be introduced as a fourth objective.**

Each of the three current objectives has an indicative percentage of the CEF budget.² An “accessibility” objective should also have an indicative share of the budget. The CPMR should be able to propose a figure at a later stage.

Accessibility criteria should also be established and annexed to the future Regulation (see Section 4 of this document).

CPMR proposal

- A fourth sectoral objective should be included in the revised rules: accessibility and connectivity for all regions of the Union, including outermost, remote, island and peripheral regions;
- This objective should be based on accessibility criteria defined in an annex to the Regulation;
- An indicative percentage of the CEF budget should be allocated to this objective.

² 80 % for Removing bottlenecks, enhancing rail interoperability, bridging missing links and improving cross-border sections, 5% for ensuring sustainable and efficient transport systems in the long run, and 15 % for integration, interconnection, and interoperability

2.2. Guarantee the share of the budget allocated to the TEN-T comprehensive network³

In the current Regulation, the share of the CEF budget allocated to the comprehensive network is **limited** to 5%. Given the strong representation of peripheral projects in this comprehensive network, the major role that the comprehensive network plays in feeding into the core network and the corridors, and the crucial contribution of this network in ensuring the accessibility of peripheral areas, the CPMR must present a counter-proposal.

A first step would be to replace the principle of a **maximum** level of funding with the principle of a **minimum** level of funding.

The matter of how much this minimum level should be remains to be settled. Discussions at the meeting of the CPMR's Transport Working Group did not reach a common position on this point. However, the CPMR will forge a position before the negotiations on the future CEF begin.

CPMR proposal

The revised CEF Regulation should allocate a minimum share the budget to the completion of the TEN-T comprehensive network.

3. CEF support for maritime transport needs to be increased

3.1. Financing of port infrastructure projects

The amount of financial assistance for port projects is currently 20% of the eligible costs. By comparison, the rate is 40% for cross-border rail and river projects. Considering that ports are by nature cross-border infrastructure, they could be aligned with the 40% rate. However, the situations of ports and their financial capacities are obviously very different. Sometimes they are located at the heart of very busy shipping networks, and sometimes they are on the margins. This largely determines their profitability and ability to invest. A single rate of co-financing is not realistic.

CPMR proposal

The ceiling for financial subsidies for port projects should be increased to 40%. The rate should vary between 20% and 40% depending on their degree of accessibility, in accordance with the annex to the Regulation defining accessibility criteria.

Ports in the comprehensive network should receive the 40% rate, as should ports in outermost, remote, island and peripheral regions.

³ The "comprehensive network" constitutes the second level of priority within TEN-T policy; it should be completed by 2050, whereas the "core network" should be completed by 2030

3.2. Motorways of the Sea (MoS)

The current Regulation sets a single rate of 30% for financial assistance for MoS. The CPMR and its Islands Commission have already adopted positions stating that this rate should be varied according to territorial criteria. The Detailed Implementation Plan for the MoS published by the Commission in June 2016 furthermore considers that there could be a preferential rate for outermost regions.

According to the same principle as that for financing ports, the CPMR could propose a rate between 30% and 50% depending on the circumstances of the ports involved in MoS projects.

CPMR proposal

The subsidy rate for MoS projects should be between 30% and 50% depending on the degree of accessibility of the ports concerned, in accordance with the annex to the Regulation defining accessibility criteria.

Remote, outermost, island and peripheral regions should have a subsidy rate of 50%.

3.3. Support for maritime transport services

There is no financing for maritime transport services in the current TEN-T/CEF package. The Marco Polo Programme supported the launch of new services, but the European Commission brought this to an end in 2013 and no equivalent exists in the current range of tools. Such services can of course be financed by **state aid**, as long as it complies with European competition rules, **but not by the EU**.

Only Article 32 of the TEN-T Regulation offers support for the launch of innovative freight transport services. One of its objectives is to *“improve links to the most vulnerable and isolated parts of the Union, in particular, outermost island, remote and mountain regions.”* Up to 20% of the cost of such measures can be financed by the CEF. However, in practice, this little known and poorly funded provision has seldom been used since 2014.

The lack of any specific maritime transport instrument hampers the development of links *with* peripheral regions and *between* them. Ship owners incur a high level of risk when they launch regular services and it is hard to ensure profitability due to the low level of traffic. This is another limit of MoS policy.

The Maltese Presidency of the EU has made shipping one of its priorities. The CPMR will closely monitor progress made on this issue during this period. It will take into account the positions of maritime transport professionals and will support relevant initiatives in forthcoming negotiations.

4. The need for objective and incontestable accessibility criteria

4.1. Criteria which are tailored to diverse circumstances

The CPMR brings together regions with very different accessibility problems, including:

- peripheral regions,
- island regions,

- outermost regions,
- regions which have winter climate situations that hamper transport services,
- sparsely populated northern regions,
- regions with wetlands,
- regions which combine several of these characteristics.

The campaign launched in 2014 has helped raise the institutions' awareness of the need to take the accessibility factor into account in European transport policy. Nevertheless, the CPMR needs to clarify what it means by accessibility, otherwise its message could be deemed "wishful thinking". It therefore has to be able to propose different criteria and scales for the rates of CEF co-financing, in accordance with different territorial situations. These could take the form of an annex to the future Regulation.

4.2. Existing legislative, statistical and cartographical texts

European legislative texts which take into account all or part of these situations include:

- Article 174 of the TFEU: *"the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions. Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions."*;
- Article 349 of the TFEU concerning the outermost regions: *The measures (...) concern in particular areas such as customs and trade policies, fiscal policy, free zones, agriculture and fisheries policies, conditions for supply of raw materials and essential consumer goods, state aids and conditions of access to structural funds and to horizontal Union programmes."*;
- The general block exemption Regulation (GBER) on state aid has specific provisions on transport for peripheral regions: *"outermost regions, Malta, Cyprus, Ceuta and Melilla, other islands which are part of the territory of a Member State and sparsely populated areas."*;
- The above-mentioned Article 4 of the TEN-T regulation.

Research has already been carried out on the notion of accessibility, for example the studies and maps produced by the European Observation Network for Territorial Development and Cohesion (ESPON)⁴.

In the specific area of air transport, a "connectivity indicator" is being given consideration under the auspices of the European Organisation for the Safety of Air Navigation (Eurocontrol).

New indicators have recently been developed in areas less directly related to transport issues. These include the Social Progress Index (available at NUTS II level), which could draw on accessibility indicators and therefore be used in other EU policies.

Other sources and expertise should be taken into account.

⁴ « Transport Accessibility at Regional/Local Scale and Patterns in Europe » TRACC – 06/02/2015
http://www.espon.eu/export/sites/default/Documents/Projects/AppliedResearch/TRACC/FR/TRACC_FR_Volume1_ExS-MainReport.pdf

Against the backdrop of the diverse situations of the various member regions, the General Secretariat will prepare a proposal on criteria and scales which will enable the CPMR to take part in negotiations on the CEF's "accessibility" content as from 2018. To do so, it will draw on the contributions of its regions and, where necessary, recognised European experts.

5. Adaptation of the rail strand of the Regulation

The changes to the Regulation proposed above focus on accessibility and shipping issues, which are the priorities of the CPMR in the transport sector. Other changes may be proposed by the CPMR further to requests made by the regions. At the meeting of the Transport Working Group on 27 January, it was for example suggested that the Regulation should be amended concerning a specific **rail transport** matter.

The TEN-T should contribute to the creation of an efficient and sustainable single European transport area through the interconnection and interoperability of national transport networks. Interoperability is the ability of the infrastructure to facilitate safe and **uninterrupted traffic flows**.

On the Iberian Peninsula, rail track gauges (except for high speed lines) are different from the rest of the EU. This constitutes a major obstacle to the interoperability of European rail freight transport. Yet interoperability is of capital importance for rail projects, particularly cross-border ones.

The CPMR could propose an amendment to Article 4 of the Regulation (aimed at "removing bottlenecks, enhancing rail interoperability" etc.). This would make it possible to no longer delay adaptation to the UIC (European standard) track gauge for the existing part of the rail Spanish and Portuguese network belonging to the TEN-T core network.

CPMR proposal

Indicator v) of Article 4 – 2. (a)* should be removed because it does not help ensure that the UIC track gauge is introduced for the existing network, which is contrary to the objectives of the TEN-T.

* "2. In the transport sector, the CEF shall support projects of common interest as identified in Article 7(2) of Regulation (EU), that pursue the objectives set out below (...):

a) removing bottlenecks, enhancing rail interoperability, bridging missing links and, in particular, improving cross-border sections. The achievement of this objective shall be measured by:

(...)

v) the length of the railway network in the Union upgraded following the requirements set out in Article 39(2) of Regulation (EU) No 1315/2013;"



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The Conference of Peripheral Maritime Regions brings together 160 Regions in 25 States from the European Union & beyond.

Representing about 200 million people, the CPMR campaigns in favour of a more balanced development of the European territory.

It operates both as a think tank and as a lobby for Regions, focusing mainly on social, economic and territorial cohesion, maritime policies and blue growth, and accessibility

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