

**European League for Economic Cooperation
Black Sea Conference
'Renewable energy and transport infrastructure:
a new challenge for EU-Black Sea cooperation'**

Speech by Marjeta Jager

An overview of the state of play of the cooperation between the European Union and the Black Sea region in the field of developing durable ways of transport infrastructure

Ladies and Gentlemen,

I am very happy to be here in Bucharest to give the European Commission's contribution to this conference which will address the challenges of the development of the transport infrastructure in the framework of the EU – Black Sea cooperation and in relation to our common goal for an economic and social progress in the region.

As we are all aware transport is a key area of established cooperation between the EU and the Black Sea countries. If Romania and Bulgaria - as Member States - are already part of the Trans-European Transport Network (TEN-T) and already benefit from such position, the foreseen extension of the trans-European transport networks to neighbouring countries and the approximation of transport regulations will enable the facilitation of transport and consequently the trade and the free movement of passengers between the EU and the other Black Sea countries. Furthermore, the Black Sea region is at the crossroads of several strategic transport axes and has a great potential to become a transit region for the traffic flows between EU and Far East. Its role is even more important given the globalisation of the world economy and in particular the strong growth of international trade between the Far East and Europe.

Ladies and gentlemen, let me underline the importance of European Neighbourhood Policy that should serve as a link to the wider international community to support democratic change and economic and social development. European Neighbourhood Policy is covering respectively the Eastern Partnership and the Southern Mediterranean, so that we can work out consistent regional initiatives complementing and strengthening our bilateral co-operation.

As a regional cooperation initiative of the European Union, **Black Sea Synergy** provides to the EU support for invigorating and better coordinating Black Sea regional cooperation, aimed at solving problems which require practical region-wide efforts. It promotes therefore the development of regional infrastructure

networks and focuses notably on environment, transport as well as contacts between local authorities.

The Black Sea Synergy is therefore complementary to the European Neighbourhood Policy and to other external EU policies pursued in the region.

The **Eastern Partnership**, on the other hand, is proposed to build on the willingness of the Eastern partners ¹ to come closer to the European Union and to align their policies and legislation, even if with varying degrees of ambition and speed.

Last, but not least, the EU remains committed to TRACECA structures, established in the 90's, that have brought a strong cooperation framework on infrastructure planning and project development between the EU with Ukraine and Moldova on the one hand and with Turkey, South Caucasus and Central Asia on the other.

This framework gives us enormous opportunity to shape regional cooperation in the Black Sea Region, including concrete policy orientations.

Infrastructure remains a key element to ensure the free movement of people, goods and services and helps to strengthen economic and social cohesion. It also contributes to further economic development and integration, improves the competitiveness of our economy and is, as a consequence, an irreplaceable factor for growth, employment, mobility, accessibility and quality of life.

Developing the networks is certainly one of the main challenges for the Black Sea region, after decades of under-investment. But it should be done in an intelligent way, taking into consideration the need to go towards a CO2 free transport system and strengthening our planning to avoid that the efforts made by one partner remain vain because there is no continuity of the network. Roads do not end at the national borders. As you are aware, the Commission is about to adopt the revision of the TEN-T guidelines in September. It is the Commission's priority to better interconnect the TEN-T with the network of the neighbouring countries in order to ensure the network continuity, and Black Sea have a very important role to play in this context, as they represent a bridge between the heart of Europe and Caucasus and the Far East as I mentioned before.

In this context, the new TEN-T guidelines are revisiting the tools and financial means made available to all MS to cope with these objectives.

Furthermore, the Commission is currently working on the joint initiative of Vice-President Kallas and the Commissioner for Enlargement and European Neighbourhood Policy, Štefan Füle. **The new Commission Communication** that will be published on 7 July explores how transport policy can contribute to better integrating the European Neighbourhood Policy countries with the EU. This Communication will represent the link between the TEN-T policy and our

¹ Ukraine, Moldova, Belarus, Georgia, Armenia, Azerbaijan

policy towards the Eastern Partnership to which most of the countries belonging to the Black Sea are participating.

Closer integration between transport markets of the EU and ENP countries can make transport connections faster, cheaper and more efficient to the advantage of citizens and business. The Communication will outline short and long term measures in all transport modes to link the transport system of the EU and of its neighbours.

To improve and promote infrastructure connections, the Commission will focus on three elements: defining networks, prioritising projects and mobilising financing.

It will bring renewed approach to transport cooperation with EU neighbourhood.

As you are well aware, transport infrastructure financing needs in the EU's neighbouring regions are high. They are certainly above than what the EU, other donors, neighbouring countries or IFIs – including EBRD - can finance alone. Improved infrastructure connections are of key importance to strengthen our trade relations with these regions and they are also of key importance for these regions for their own economic development.

The Minister of Transport of Romania as a next speaker may share with us his experience when it comes to financing from Structural, Cohesion and TEN-T funds to implement their projects. These programmes are contributing to the improvement of competitiveness – through an intensive transport infrastructure development programme – as well as of their environmental situation via a special focus on the Lisbon and Gothenburg agendas. Lessons learned in these programmes will be able to be shared around other Black Sea Countries.

Additionally, five countries of the Black Sea region - as ENP partners – can benefit from the **Neighbourhood Investment Facility (NIF)**.

The NIF is contributing to the preparation and co-financing of infrastructure investments, in particular in the areas of energy, transport and environment and in close co-operation with International Financial Institutions, notably the EIB and EBRD.

We should be innovative in using the scarce public financing resources available to "lever" other funds. More and more innovative financing solutions, combining public fund and private equities, will have to be developed. In this context, there is also no doubt that there will be a fierce competition between projects to attract private capital to finance them, and therefore a particular attention should be given the project preparation.

Let me give you a good example of success story in this field: in the Western Balkan region, the Western Balkans Investments Framework (WBIF) blends grants from multiple sources with loans to co-finance environment, energy and transport infrastructure projects. The Commission will consider giving a priority to financing projects that help to develop the South East Europe Regional Transport Network. The WBIF has already approved 22 transport projects for

which the allocated EUR 37 million of grants could potentially mobilise a considerable amount of investments, of around 4.3 billion €.

This being said, building new infrastructure – which is particularly expensive – will not provide added value if in parallel there are no actions taken to improve the functioning of the transport system itself. How better can we use the different modes and the different infrastructure existing to make transport more efficient in the Black Sea area? What changes are necessary to increase safety at sea or in the skies, how can we prevent ab-normous waiting time at the borders? Can we better use the Danube – as one of the main penetrating axis to the core of Europe or the Black Sea itself to replace transport by road around the Black Sea Coast line by Short Sea Shipping?

All these "soft" measures are crucial and often not costly, but require an excellent coordination between all partners to bear their fruits.

In this context, within our **new Communication** that I have mentioned before, the Commission has launched a debate on how to enhance transport cooperation and streamline the various ongoing cooperation activities. Efforts should continue in the context of future extension of the TEN-T to the neighbouring countries. In addition the TRACECA Strategy until 2015 should continue to provide an important base for regional transport development.

Transport policy dialogue with a view to regulatory approximation would remain a central goal, thus the work on closer transport market integration has started under the ongoing negotiations on **Association Agreements** with Ukraine, Moldova, Armenia, Azerbaijan and Georgia that provide for the establishment of a free trade area with the EU.

The Commission intends to assist in identifying those actions that will help to achieve uniform and consistent application of relevant instruments and standards. Competitiveness, the capacity to attract traffic flows, improving safety, security, interoperability and intermodality should be decisive factors in drawing up plans for the future. Aviation safety and extending the common aviation area are important objectives. Given the growing hydrocarbon transportation needs, maritime safety would be high on the agenda. In particular, the practices and procedures of the Paris and Black Sea Memoranda of Understanding on Port State Control should be harmonized at the highest level of performance.

The Commission proposes therefore to fully exploit the advantages offered by short sea shipping and inland waterways, notably the Danube.

Ladies and Gentlemen, coming up to Danube let me say a few words on **Connecting of the Danube Region.**

In order to develop the huge economic potential of the Danube River, the European Commission has proposed an overarching Strategy for the Danube

Region, which covers eight EU Member States and six other European countries². This Strategy brings a new and ambitious dimension to cooperation in the region.

The Danube Region reaches from Germany in the West to Ukraine in the East. It faces many challenges including untapped shipping potential, lack of road and rail connections, and uncoordinated efforts in education, research and innovation. Cooperation within a 'macro-regional framework' is intended to produce a more effective coordination. This approach – successfully pioneered in the Baltic Sea Region – does not imply new laws or institutions but rather strengthens links between different policies and a wide range of stakeholders.

Although the Strategy does not come with extra EU finance, a considerable amount of funding is already available to the region through various EU programmes. The aim is to use this available support – € 100 billion alone have been allocated from the cohesion policy (European Regional Development Fund, Cohesion Fund, European Social Fund) between 2007 and 2013 – to greater effect and show how macro regional cooperation can help tackle local problems.

The **Danube Strategy**³ contains a detailed **action plan** based around the following four pillars:

1. Connecting the Danube Region (e.g. improving mobility, encouraging sustainable energy and promoting culture and tourism);
2. Protecting the environment in the Danube Region (e.g. restoring water quality, managing environmental risks and preserving biodiversity);
3. Building prosperity in the Danube Region (e.g. developing research capacity, education and information technologies, supporting the competitiveness of enterprises and investing in people's skills);
4. Strengthening the Danube Region (e.g. stepping up institutional capacity and improving cooperation to tackle organised crime).

It also proposes a number of time-limited targets for focus efforts, like the development of efficient multimodal terminals at Danube river ports to connect inland waterways with rail and road transport by 2020;

² The countries involved in the EU Strategy for the Danube Region are: Germany (Baden-Württemberg and Bavaria), Austria, Hungary, the Czech Republic, Slovakia, Slovenia, Bulgaria, Romania, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Moldova, and Ukraine.

³ The Danube Strategy has been endorsed by the General Affairs Council on 13 April 2011.

Ladies and Gentlemen, at the end let me finish my speech by underlining the importance of the Black Sea region in general and the Sea in particular as a vector to bring people together, facilitate exchanges and stimulate economic growth and regional integration. We all know that transport links do not end at the borders and even more cooperation is the way forward on the road of economic progress even in difficult economic times.

In this context, I would like to ensure you that the Commission should continue to actively support regional transport cooperation with a view to improving the efficiency, safety and security of transport operations. The EU would build on the experience of all the various transport initiatives it has taken and will take in the coming years to make the Black Sea area a bridge between the core of Europe and its South Eastern neighbours.

By congratulating ELEC and especially Radu Deac for the excellent organization and acknowledging the good work of the Romanian Presidency of Black Sea Economic Cooperation and the transport working group respectively, I want to conclude by saying that Romania has proven to be a promoter of enhanced cooperation in the region.

Thank you for your attention.

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