



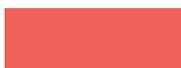
European
Commission



The Three Seas Initiative Summit:

European Commission Investments
in Connectivity Projects

Bucharest, Romania,
17-18 September 2018



What is the Three Seas Initiative?

The initiative is a political platform of 12 EU Member States situated between the Baltic, Adriatic and Black Seas.

The European Commission recognises the contribution of the Three Seas Initiative to regional development, which leads to greater cohesion of the Union as a whole.

Romania holds the Three Seas Initiative Presidency in 2018 and will host the annual Leaders' Meeting in Bucharest on 17-18 September, with the participation of Commission President Jean-Claude Juncker.

What is the size and economic power of the Three Seas countries?

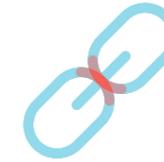
While covering 28% of the EU's territory, and 22% of its population (114 million people), these countries currently represent only 10% of the EU's gross domestic product (GDP).

What are the goals of the Three Seas Initiative?

- To boost connectivity within the region, in particular on energy, transport infrastructure, and digital communication.
- To stimulate economic development, contributing to east-west and north-south cohesion within the European Union.
- To facilitate achieving real convergence among EU Member States and strengthen the European Union as a whole.



CONNECTIVITY PROJECTS



High-performance infrastructure in the transport, energy and digital sectors is essential for a well-connected and integrated Union, where European citizens and businesses can fully benefit from free movement and the Single Market. Trans-European networks are also of strategic importance for implementing the Energy Union and the Digital Single Market and for the development of sustainable transport modes. However, without EU support, private operators and national authorities have insufficient incentives to carry out large infrastructure projects with a cross-border impact and to roll out European-wide interoperable systems and services. The **Connecting Europe Facility** supports projects with high added value on the European level and helps leverage further investment from other sources, in synergy and complementarity with the Investment Plan for Europe and other EU programmes.

Greater digital, energy and transport **interconnectivity in Central and Eastern Europe benefits the European Union as a whole**. All three are key to economic development in the region, boosting livelihoods, job opportunities and innovation.

The Investment Plan for Europe — **the 'Juncker Plan'** — **finances connectivity projects in the region** through its flagship initiative, the European Fund for Strategic Investments. For example, the European Fund for Strategic Investment is supporting the Polish broad gauge PKP-LHS railway project to improve rail connectivity, safety and capacity between Poland and Ukraine.

Digital transformation of the European economy is happening at an exponential rate, and ensuring state-of-the-art connectivity to all regions in Europe is paramount. The EU committed in 2016 through the Gigabit Society Strategy to ambitious connectivity targets which require investment and action from the EU, Member States and the private sector. Fewer than 76% of European households have access to adequate digital connections, and in rural areas that percentage goes down to less than 40%. Digital connectivity has an economic impact which transcends borders and is essential for strengthening economic, social and territorial cohesion.

The 12 Member States taking part in the Three Seas Initiative are making significant use of the European Investment and Structural Funds for **developing broadband infrastructure, with over €2.5 billion** of financing programmed by 2020. The main aim is to reduce connectivity gaps between urban and rural areas, and between regions.

The Connecting Europe Facility — a key EU funding instrument — provides the financing to fill the missing links in Europe's energy, transport and digital backbone. Of the nine 'core network corridors' established under the Facility, five cross the territory of the Three Seas Initiative members: North Sea-Baltic; Baltic-Adriatic; Mediterranean; Rhine-Danube and Orient-East Med.

Looking to the next financial cycle, with a proposed budget of €42.3 billion for seven years (2021-2027), the Connecting Europe Facility will be able to support infrastructure projects connecting the EU and its regions. It will also aim to better integrate the transport, energy and digital sectors, in order to accelerate the digitalisation and decarbonisation of the EU's economy.

The European Commission is a major contributor to investments in connectivity and infrastructure development in the Three Seas region. The projects listed on these pages are highlights of the EU's contribution to economic development across the region.



Commission President Juncker launches the Baltic Interconnector project with the leaders of Estonia, Latvia, Lithuania and Poland.



Corina Crețu, Commissioner for Regional Policy, looking at the drawing of the Sebes-Turda highway.

TRANSPORT



By rail and road, **travelling in Central and Eastern Europe still takes on average between two and four times as long** as for comparable distances and terrain in the other 16 Member States in Western and Northern Europe.

Partly as a consequence of these connectivity challenges, in most Central and Eastern European Member States, the largest share of GDP is generated in the metropolitan areas around the capital cities. Connecting more distant regions to these capital areas, as well as interlinking the hubs of economic activity, would serve as an important catalyst for regional economic development.

Projects:

RAIL BALTICA — Estonia, Latvia, Lithuania, Poland

- Rail Baltica will link the capital cities of Estonia, Latvia, Lithuania and Poland to each other and is currently one of the biggest investments to improve mobility and travel opportunities as well as developing business, trade, and tourism in the region.
- By integrating the region's key transport infrastructure elements into the Rail Baltica ecosystem, ranging from sea ports and inland logistics facilities to airports and city terminals, the project will pave the way for the development of new intermodal and multimodal logistics and passenger solutions.
- It is the largest railway infrastructure project to be constructed in the Baltic countries for 100 years. The EU has so far contributed €1,589,581 to the project.



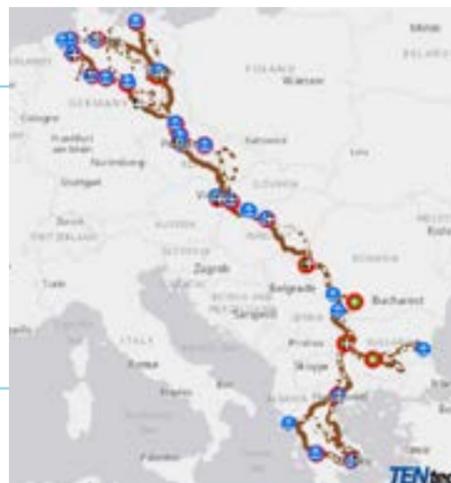
FAIRWAY DANUBE — Austria, Bulgaria, Croatia, Hungary, Romania, Slovakia

- Economically viable transport services on the Danube are dependent on stable fairway conditions. Several bottlenecks hinder the navigation along the Danube section of the Rhine–Danube core network corridor. The waterway infrastructure parameters are not fulfilled in several sections of the Danube, the Sava and the Danube–Black Sea Canal.
- The main goal of the Global Project is to implement the 'Fairway Rehabilitation and Maintenance Master Plan of the Danube and its Navigable Tributaries'. The aim of the master plan is to obtain and ensure good navigation conditions throughout the year by providing a minimum level of service.
- The EU has so far contributed €19,627,454 to the project.



ORIENT/EAST–MED RAIL FREIGHT CORRIDOR — Austria, Bulgaria, Czech Republic, Germany, Greece, Hungary, Romania, Slovakia

- This project aims at facilitating the transit of freight on the Orient–East Med Rail Freight Corridor by removing barriers and reducing the impacts of the fragmented nature of the railway systems.
- It includes measures to improve the internal and external services of the corridor (e.g. through the development of existing or new IT tools) and to contribute to a better functioning of the governance of it.
- The EU has so far contributed €1,090,000 to the project.



ENERGY



The Three Seas Initiative is intended to **strengthen intra-regional energy corridors and reduce dependence on external energy providers**.

Enhancing diversification in the energy mix and supply flexibility are key aims of the EU's Energy Union. **More than 90% of the total funding for natural gas projects in the Connecting Europe Facility goes to Three Seas countries.**

Projects:

The Baltic Energy Market Interconnection Plan - Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Norway, Poland, Sweden

- The objective of the Baltic Energy Market Interconnection Plan is to achieve an open and integrated regional electricity and gas market between EU countries in the Baltic Sea region, ending their energy isolation.
- A number of cross-border and domestic infrastructure projects have been completed to further integration with the Nordic electricity market. The completion of key electricity infrastructure projects such as Estlink, Nordbalt and the LitPol Link significantly improved the three Baltic countries' integration in the EU energy market, and their security of supply. In addition, the synchronisation of their electricity grid with the continental European network, a project of key importance for the achievement of the Energy Union, is being led by the Commission, which is providing political, technical and financial support.
- As part of this programme, the European Commission has invested €266 million in the Poland–Lithuania Gas Interconnector.



BRUA GAS PIPELINE — Austria, Bulgaria, Hungary, Romania

- The Transgaz-BRUA Gas Interconnection is the Romanian section of a cross-border gas pipeline project that will connect the gas transmission infrastructure from Bulgaria to Austria via Romania and Hungary (BRUA). The pipeline will open up access to potentially cheaper gas and improve price convergence and transparency, reducing consumer vulnerability across these countries.
- This pipeline will also increase energy security and reduce the dependence of South-East European countries on a single gas supplier.
- The project has received financing of €100 million from the European Investment Bank, backed by the European Fund for Strategic Investments under the Investment Plan for Europe (Juncker Plan). The project has also been awarded a grant of €179 million under the Connecting Europe Facility.



CENTRAL AND SOUTH-EASTERN EUROPEAN ENERGY CONNECTIVITY

- The Commission Initiative on Central and South-Eastern European Energy Connectivity aims to guarantee access throughout Central and South-Eastern Europe to a more diversified supply of energy sources.
- Ongoing priority gas projects are: the Trans-Adriatic Pipeline (gas pipeline from Greece to Italy via Albania and the Adriatic Sea); the interconnector between Greece and Bulgaria; the interconnector between Bulgaria and Serbia; the reinforcement of the Bulgarian transmission system; the reinforcement of the Romanian transmission system (part of the 'BRUA' corridor); the liquefied natural gas (LNG) terminal in Krk, Croatia; and the LNG evacuation system towards Hungary. The European Commission has committed a total financial contribution of €124 million to the last two of these projects.



DIGITAL



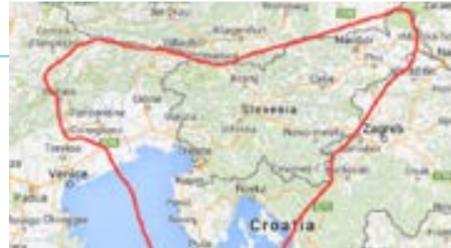
Digital infrastructure projects are typically smaller in scale and funding levels than projects in the transportation and energy sectors. They also tend to have less cross-border scope. However, there is **still very large-scale European investment in digital infrastructure and services** in the Three Seas Initiative countries.

EU funding under the Connecting Europe Facility can contribute to improve digital infrastructure connectivity in the region. The Connecting Europe Broadband Fund meets the growing demand for financing smaller-scale broadband projects across Europe which do not always have easy access to funding.

One third of projects under the European Connected Communities Initiative are in Three Seas countries. Similarly, interest in the WiFi4EU initiative is higher in the countries of the Three Seas Initiative than the EU average, with 24% of municipalities in the region having registered their interest.

RUNE PROJECT — Croatia, Italy, Slovenia

- The RuNe (Rural Networks) project is a cross-border Fibre-to-the-home broadband infrastructure network for people who live and work in rural areas in Slovenia, the Autonomous region of Friuli-Venezia Giulia (Italy) and Primorsko-Goranska and Istarska counties (Croatia). These areas currently lack proper broadband infrastructure, and would not benefit from existing national schemes.
- The RuNe project received technical assistance regarding financial modelling, and support with its application for funding from the European Bank for Reconstruction and Development and other institutional investors.



CONNECTING EUROPE BROADBAND FUND — All EU Member States

- The Connecting Europe Broadband Fund was announced in December 2016 as the first investment platform to support broadband infrastructure under the European Fund for Strategic Investments (EFSI), the heart of the Investment Plan for Europe. It will mobilise at least €1 billion in investments in broadband infrastructure in the period from 2018 to 2023.
- The Fund will complement existing EU financial instruments for broadband development as well as other financing currently available on the market. It will complement existing EU financial instruments for broadband development as well as other financing currently available on the market. It is the first investment platform to support broadband infrastructure at local level and in backhaul and backbone networks, as well as international connectivity including submarine cables.
- As of June 2018, the Funds already raised €420 million through commitments by the EIB (€140 million, of which €100 million is backed by EFSI), the European Commission (€100 million), KfW Bankengruppe (€50 million), Cassa Depositi e Prestiti (€50 million), Caisse des Dépôts (€50 million), Cube Infrastructure Managers (€5 million) and €25 million from other European private investors.



RO-NET BROADBAND PROJECT – Romania

- The RO-NET project supports the construction in disadvantaged areas in Romania of broadband infrastructure to provide internet services for people in so-called 'white areas' where there is no access to electronic communication networks.
- Over two project phases, RO-NET will cover 783 of the 2,268 localities in such areas, to be completed by 2020. The targeted areas are spread across the whole country, with the exception of Bucharest and its surrounding region.
- The EU contribution to this project is €43 million, benefiting 400,000 residents, 8,500 businesses and 2,800 public authorities, and reducing the digital gap between urban and rural areas.



EU INVESTMENT IN THE THREE SEAS INITIATIVE COUNTRIES



Total funding of more than €155 billion from the European Regional Development Fund and Cohesion Fund

European Regional Development Fund and Cohesion Fund allocations per country, 2014-2020

Member State	Total per Member State
Austria	€ 536,262,079
Bulgaria	€ 5,845,974,756
Croatia	€ 6,831,255,232
Czech Republic	€ 18,084,635,726
Estonia	€ 2,918,097,420
Hungary	€ 16,782,207,702
Latvia	€ 3,750,667,147
Lithuania	€ 5,550,329,393
Poland	€ 63,421,859,277
Romania	€ 17,661,077,676
Slovakia	€ 11,459,711,649
Slovenia	€ 2,330,732,258
Total	€ 155,172,810,315

Source: Cohesion Data Portal.

36.3% of regional funding is invested in connectivity projects = **€56.3 billion** for transport, energy and digital



Investment Plan results by country

European Fund for Strategic Investments financing	Total investment set to be triggered
€ million	€ million
1,257	3,903
423	1,782
222	890
649	3,463
165	1,037
332	1,787
210	759
409	1,463
3,573	14,927
430	1,804
501	1,512
66	722

Source: European Commission, July 2018.

