

Using transport to link the EU with its eastern neighbours

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Minister Grabarczyk, ladies and gentlemen

Thank you for inviting me here today to the historic city of Krakow, where we will look at how to turn the vision of closer relations between the European Union and its neighbours to the east into a reality.

Freedom of movement is a cornerstone of European liberty and a massive achievement. It changes and opens minds. But it's also something that we tend to take for granted.

We need transport to ensure that this freedom is guaranteed. Transport enables goods to be distributed efficiently and people to travel freely. Recent history in some of the EU's newer Member States, including Poland and indeed my own, is a reminder that ease of travel is not a given.

I myself have strong memories of growing up behind the former Iron Curtain, where people needed a passport just to move around inside their own country. So I am a passionate believer in freedom of movement.

In July, the Commission presented its Neighbourhood Transport Action Plan to strengthen transport links with neighbouring countries lying just outside the EU's borders. This is how we aim to extend that achievement of freedom of movement eastwards — and to do that, we need more transport 'building blocks' to link us better together.

That means more and improved infrastructure to create strong transport corridors — air, rail, road and sea — to facilitate the flow of goods, business and people across borders.

We are already making progress. Last December, we signed a comprehensive aviation agreement with Georgia. Similar negotiations are going on with Ukraine. And this month, we took a big step forward in negotiations with Moldova. We are planning to initial an aviation agreement with Moldova this week. I am also pleased to say that earlier this month we received a mandate from EU Member States to negotiate a similar agreement with Azerbaijan.

These agreements make our Eastern neighbours full partners of the EU in aviation. They open new market opportunities for airlines and offer consumers a better choice.

We are of course ready to discuss such agreements with other interested partner countries that are prepared to develop closer links.

Just a few days ago at their summit, the European Union's national leaders singled out aviation as a specific sector whose integration should be pursued because of its significant impact on jobs and growth, in particular reference to the EU's neighbouring regions. Ultimately, the aim is to build a single air transport market and encourage new trade opportunities.

One of our first common challenges will be to strip away the bureaucracy and bottlenecks clogging up Europe's transport network. Border crossings are a case in point: an average 40% of total transport time is lost at borders due to differences in administration procedures.

A train trip from Krakow to Lvov, for example, now takes nearly 10 hours but the two cities only lie about 300 kilometres apart. And much of the delay is at the border.

If there is no regard for safety, security or the environment, or if border procedures are inefficient, there is little point in building a new highway or high-speed rail link.

So we need to find a new way of addressing these and similar problems as we extend our transport network to our neighbours to the east - and join up the missing links as smoothly as possible. A vital coordinating role in doing this will be played by the Eastern Partnership Transport Panel, whose establishment I am happy to announce today. The panel will take a new approach, moving away from 'business as usual' because the EU transport network does not — and should not — stop at our borders.

The Panel brings together the European Commission, EU Member States, Eastern Partnership countries and several heavyweight financial institutions like the European Investment Bank, the European Bank for Reconstruction and Development and the World Bank.

It will discuss the reforms needed for closer market integration, define regional transport networks and identify a pipeline of high-priority projects of regional and EU interest. Various criteria will apply for projects to be considered as 'priority' and qualify for funding. But they must provide clear economic benefits — creating jobs, protecting the environment, making travel safer — and will connect the neighbouring countries with the Trans-European Transport Network.

Let me talk now a little about financing.

The European Union is already co-financing transport interconnection projects by blending EU grants with loans from international financial institutions. We hope to see an acceleration in transport projects submitted from the Eastern Partnership countries to the Neighbourhood Investment Facility, whose total budget is set at 745 million euros for the current budget period running to 2013.

Over this period, we have so far supported transport projects in the eastern countries with 46.5 million euros from this Facility and in the southern ones with 66.3 million euros. In Moldova, for example, we have financed some road and urban transport projects.

But there are still 350 million euros in the Neighbourhood Investment Facility still to be allocated to transport, energy and environment projects in the European Neighbourhood. As you can see, not all opportunities have yet been taken up and there is still money available — so we encourage Eastern Partnership countries and the international institutions to draw up some good transport project proposals.

We are also ready to develop key transport connections between the EU and other partner countries. This is TEN-T moving east: we want to join up our network with the infrastructure of our eastern neighbours, drawing them more into Europe, politically and economically.

That requires a good preparation of projects from the partner countries and coordination between the EU and international financial institutions so that the most important interconnections can be built.

So we need to pool resources and combine funding. That's why we need to work closely with the financial institutions I mentioned earlier: they are essential partners to bridge the funding gap, where we can leverage the loan financing that these institutions can provide.

Moving to the future: last week, as you know, the Commission adopted its 'Connecting Europe Facility' for the next seven-year budget period starting in 2014. But despite the impressive leverage rates we have seen with public spending on transport projects, this is not going to be enough — even with transport being a major beneficiary of this funding.

The public purse clearly has a limit, both in Brussels and in the Member States, especially during these times of fiscal belt-tightening and economic austerity drives. The EU clearly does not have the resources to finance all these projects.

In the current economic climate, we need to do more with less, and make the financing effective.

The Connecting Europe Facility is designed as flexible instrument to fund projects which fill in the missing links in European transport, energy and digital networks. It pools several different EU funds under one set of common rules and supports transport by offering innovative financing tools such as project bonds. This will accelerate and obtain more investment than what could be achieved by only using public funding.

The CEF will also offer grants for certain transport projects, such as works to connect the EU's core network at border crossing points and for implementing traffic management systems in third countries.

Some infrastructure projects, of common EU interest, might need to link with and pass through neighbourhood, pre-accession and other third countries. The CEF will offer a simplified way of supporting these types of transport projects from different EU budget envelopes.

By building more transport connections, we connect more people — which also improves trade and business flows. There is a lot of potential for everyone to gain but first, we need to build and improve the infrastructure.

That's what we intend to deliver.

Thank you for your attention.