



EUROPEAN COMMISSION

*Brussels, 24.1.2019
C(2019) 563 final*

Dear President,

The Commission would like to thank the Senát for its Opinion on the proposal for a Regulation of the European Parliament and of the Council establishing the Connecting Europe Facility and repealing Regulations (EU) No 1316/2013 and (EU) No 283/2014, {COM(2018) 438 final}.

In order to stimulate job creation and achieve smart, sustainable and inclusive growth, the Union needs an up-to-date, high-performance infrastructure to help connect and integrate the Union and all its regions, in the transport, telecommunications and energy sectors. Those connections are key for the free movement of persons, goods, capital and services. The trans-European networks facilitate cross-border connections, foster greater economic, social and territorial cohesion and contribute to a more competitive social market economy and to combating climate change.

The vision is for Europe to move towards zero-fatalities, zero-emissions and zero-paper mobility, to become a world leader in renewable energy and to be a front-runner in the digital economy. A modern, clean, smart, sustainable, inclusive, safe and secure infrastructure will provide tangible benefits to European citizens and businesses, allowing them to travel, ship goods, have access to energy and high quality digital services in an efficient way.

The proposal on the next Multiannual Financial Framework adopted by the Commission on 2 May 2018 includes an ambitious proposal for the future Connecting Europe Facility, with an overall budget of 42.3 billion euros. The Connecting Europe Facility supports investment in transport, energy and digital infrastructure through the development of the trans-European networks. In the period 2021-2027, it is proposed that it also promotes cross-border cooperation on renewable energy generation.

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For transport, the Connecting Europe Facility aims at contributing to the completion of both layers of the trans-European transport networks: the strategic backbone (i.e. the core network) by 2030 and its more extensive layer (i.e. the comprehensive network) by 2050. It also supports the deployment of European traffic management systems for all traffic modes, in particular for air transport and railways, and helps the transition towards smart, sustainable, inclusive, safe and secure mobility (for example by establishing a European network of charging infrastructure for alternative fuels).

In addition, following the Joint Communication on improving military mobility in the European Union of 3 November 2017¹ and the Action Plan on Military Mobility adopted on 28 March 2018 by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy², Union funding for the implementation of the civilian-military dual-use transport projects should be implemented through the Connecting Europe Facility.

For energy, the focus is on completing the trans-European energy networks through the development of projects of common interest relating to further integration of the internal energy market and interoperability of networks across borders and sectors; sustainable development by enabling decarbonisation in particular through integrating renewable energy sources; and security of supply inter alia through the smartening and digitalisation of the infrastructure. It also contributes to the cost-effective achievement of the objectives of the Paris Agreement on Climate Change as well as the 2030 energy and climate and long-term decarbonisation objectives by integrating renewable energy through the development of appropriate infrastructure and by supporting a limited number of cross-border projects in the field of renewable energy.

For digital, the Connecting Europe Facility maximises the benefits that all citizens, businesses and public administrations can get from the Digital Single Market. The deployment of very high capacity digital networks featuring a high level of security supports all innovative digital services, including connected mobility and other services of public interest. In addition, it contributes to ensuring that all main socio-economic drivers such as schools, hospitals, transport hubs, main providers of public services and digitally intensive enterprises have access to future-oriented broadband connections (1 Gbit/second) by 2025. It contributes to the overall connectivity of the European territories, including that of the outermost regions, to the Internet.

The Commission welcomes the Senát's broad support for the aims of the proposal. It also notes the Senát's concerns relating to the cohesion transfer in the transport sector and

¹ https://eeas.europa.eu/sites/eeas/files/joint_communication_to_the_european_parliament_and_the_council_-_improving_military_mobility_in_the_european_union.pdf

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=JOIN%3A2018%3A5%3AFIN>

the proposed indicative percentages for the transport sector (Part II of the Annex of the proposal). The Commission is pleased to have this opportunity to provide a number of clarifications regarding its proposal and updates following the agreement of a partial General Approach at the Transport, Telecommunications and Energy Council on 3 December.

The current Connecting Europe Facility programme (2014-2020) has shown the transfer from the Cohesion Fund to be a successful approach. Indeed, the Czech Republic's national envelope was fully allocated before the deadline in 2016 and implementation of the actions is now underway. Accordingly, based on this positive experience under the current programme, the Commission has proposed to transfer from the Cohesion Fund an amount of 11.2 billion euros to the Connecting Europe Facility, for implementation under direct management according to Connecting Europe Facility rules. As it is the case under the current programme, the cohesion fund co-funding rate would apply (70% in the relevant Commission proposal). However, the Commission considers that a higher rate of 85% could apply to cross-border links. Additionally, under the Council's mandate approved at the Transport, Telecommunications and Energy Council on 3 December 2018 to start negotiations with the European Parliament, Member States agreed that actions relating to missing links could also receive up to 85%, meaning in practice the vast majority of projects under the Connecting Europe Facility Cohesion envelope would be eligible for a co-funding rate of 85%.

The Commission proposal also indicates that the allocation of 70% of the amount transferred from the Cohesion Fund shall respect the national allocation under the Cohesion Fund until 31 December 2023. The remaining 30% and the possible reflows after 31 December 2023 (based on the use-it-or-lose it principle) would be allocated on a competitive basis among the Member States eligible for the Cohesion Fund. The logic of the Connecting Europe Facility is to support the highest European added-value projects, and their benefits do not always match with the allocation of national envelopes.

Regarding the proposed indicative percentages for the transport sector, the Commission proposal keeps the focus on the development of the network, with particular priority on the cross-border sections of the core network corridors. While the cross-border dimension remains at the basis of the European added-value, the very nature of the network has to keep pace with rapid changes: the trans-European network still needs to be more efficient and interconnected. The Commission proposal introduced an indicative target for spending on the completion of the network (60%), on one hand, and the modernisation of the network (40%), on the other hand. The Commission considers that this would provide an important indication for the implementation of the programme. Compared to the current Connecting Europe Facility, the share dedicated to the modernisation, including digitalisation and alternative fuels, would increase from 18% to 40%. At the 3 December 2018 Transport, Telecommunications and Energy Council,

Member States agreed on a compromise, reducing the target to 15% for the cohesion envelope, taking into account the investment gap in term of completion of the network, while keeping a still meaningful share for modernisation.

The Senát's Opinion has been made available to the Commission's representatives in the ongoing negotiations with the co-legislators, the European Parliament and the Council, and will inform these discussions.

The Commission remains hopeful that an agreement will be reached as soon as possible.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Senát and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Violeta Bulc
Member of the Commission*