



An Inventory of Upcoming
Questions with an EU
Connotation That Are
Suited to Cooperation
between the Countries
around the Baltic Sea, and
That May Be Favourably
Influenced by Such a
Cooperation

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TemaNord 2005:532

© Nordic Council of Ministers, Copenhagen 2005

ISBN 92-893-1165-7

This publication can be ordered on www.norden.org/order. Other Nordic publications are available at www.norden.org/publications

Printed in Denmark

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Nordic co-operation in the transport sector

The overall, general objective of co-operation is to foster a Nordic transport sector characterised by efficiency, competitiveness, safety, sustainability, and equality. In order to attain these objectives with the resources available, co-operation will be focussed on four areas: Sustainable Mobility, The Baltic Sea, Intelligent Transport Systems and Transport Safety.

Nordic co-operation

Nordic co-operation, one of the oldest and most wide-ranging regional partnerships in the world, involves Denmark, Finland, Iceland, Norway, Sweden, the Faroe Islands, Greenland and Åland. Co-operation reinforces the sense of Nordic community while respecting national differences and similarities, makes it possible to uphold Nordic interests in the world at large and promotes positive relations between neighbouring peoples.

Co-operation was formalised in 1952 when *the Nordic Council* was set up as a forum for parliamentarians and governments. The Helsinki Treaty of 1962 has formed the framework for Nordic partnership ever since. The *Nordic Council of Ministers* was set up in 1971 as the formal forum for co-operation between the governments of the Nordic countries and the political leadership of the autonomous areas, i.e. the Faroe Islands, Greenland and Åland.

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Executive Summary

1. A Period of Change

The aim of this study is to assist in defining items on the EU transport agenda for the five forthcoming years that are of interest for cooperation between the Countries in the Baltic Sea Region, (States Members of the Nordic Council and States Members of the Council of Baltic Sea States) in the field of transport and that could favour such cooperation.

During the time period autumn 2004 - end 2009 covered by the study a number of important changes will occur in the EU. These include

- Enlargement. Implementation of the biggest enlargement in the history of the EU by ten new member states, and a continuing enlargement process.

The new Commission. On 26 January 2005 the new Commission adopted its strategic objectives for the period 2005 – 2010 and its work programme for 2005. The strategic objectives and the working programme remain on substance within the frame of the long term strategies already defined. The presentation is however new and consistent with the focusing on growth and jobs and the importance given to the social dimension that appear in the Commissions' report to the European Spring Council 2005 in view of the mid term assessment of the Lisbon strategy. The initiatives indicated in the 2010 strategy and the 2005 work programme are therefore brought under one of four headings, i.e. "Prosperity", "Solidarity and social justice", "Security" and "External relations ." In the 2005 programme, 2005 is described as a "pivotal" year with emphasis on growth including TEN T, industrial policy, the financial perspectives for 2007 – 2013, implementation of enlargement and continuing enlargement. High importance is given to the mid term review of the Lisbon strategy, security and neighbourhood policies. High quality implementation, delivery on made engagements and better, the is, simpler and better prepared legislation are important priorities.

- *The new European Constitution.* The ratification process and its entry into force will mark the period 2005 – 2009.
- *New financial framework 2007 - 2013.* The framework will be negotiated during 2005 – 2006. The outcome is of fundamental importance for a number of programmes. The Luxemburg presidency aims to have an agreement in place before the summer European Council.

- *European Neighbourhood policy (ENP)*. A more active neighbourhood policy toward the new neighbours to the east and to the south. Important steps are negotiation of agreed action plans that have been going on into early 2005 and a new neighbourhood instrument as a common framework for financing cooperation during the next budget period 2007 - 2013. There will be an interface with regional policy and TEN T.

To the east, Russia is an important strategic partner. A broad co-operation is planned in four common spaces, including an economic space. Good conditions on the transport market will be achieved by a transport policy dialogue that will include safety, security and environmental issues, particularly in maritime transport. Also infrastructure links and facilitation at border crossings are on the agenda. Similar but more low key relations exist with Ukraine.

Infrastructure links from EU TEN T to neighbours are being discussed by a high level group, which started its work in the autumn of 2004 and shall deliver a report, due to form the basis of a Commission communication in December 2005. The group may also address other neighbour related transport issues.

2. Major Long Term Strategies and Multiannual Programmes

The main priorities are decided by long term strategies such as the Lisbon Strategy, which aims to make EU the most competitive knowledge based economy in the world by 2010, and the long term Gothenburg strategy for sustainable development.

Transport policy goals on the 2010 horizon are set out in the 2001 White Paper. The paper is aiming at sustainable development in transport through a modal shift from road transport towards sea and rail and decoupling transport needs from economic growth. Infrastructure charging shall finance infrastructure and internalize external costs. TEN T shall be developed and focus placed on the transport user, i.a. by improving public transport. A big number of the initiatives suggested in the White Paper have already been initiated or are being carried out.

This study accounts for the Presidency multiannual programme 2004 – 2006, the joint programme of the Luxemburg and UK presidencies for 2005 and the Commission strategic programme 2005 – 2010, its work programme for 2005 and the strategic programme for 2006. Main common denominators of the programmes are a successful enlargement, ratification of the new constitution, completion of the internal market and simplification of the regulatory framework, preparation for the budget period 2007 – 2013. Neighbourhood policy and follow up of the growth initiative are other important items. The growth initiative aims at boosting

growth by favouring investments in TEN T, the Galileo project, research and development and by creating a favourable climate for development. As already mentioned these items are presented with a strong emphasis on growth and job creation aspects and systematized under the headings of prosperity, solidarity and social justice, security and external action. This makes for highlighting in particular the growth initiative with TEN T and research investments, efficient implementation and simplified regulation.

3. Expected Proposals and Important Implementation Issues

The study enumerates most transport policy proposals already made or planned and the most important decisions under implementation. As far as possible, an account has also been given for the proposals that may be expected. A distinction has been made between a short/immediate term perspective, until the end of 2005 and a medium term 2006 - 2009 perspective. The categories sometimes overlap. When that is the case, it is mentioned. Only some of the more salient items are mentioned in this summary.

Short term / immediate perspective (end 2005)

Horizontal issues

- Work on the Eurovignette directive on road infrastructure charging (probably also medium term)
- TEN T implementation particularly financing and concretization of the Motorways of the Sea project (also medium term). Designation of project coordinators and measures to facilitate private financing (guarantees)
- Work on proposals for financing of TEN T, Marco Polo programme for intermodal transport and the Galileo project for the period 2007 – 2013 (until 2006)
- Communication on general principles for infrastructure charging and proposals concerning port and airport charges?
- Intermodal security and its financial consequences
- Proposals for improved safety and security, primarily focusing on TEN T
- Initiatives and proposals to improve the rights of users/passengers in the various transport modes
- Amended proposal for a new regulation on public service provision in land transport.
- Review of state aid guidelines to improve transparency and take account of recent jurisprudence

- Mid term review of the 2001 White Paper on transport policy
- Mid term review of Lisbon strategy and of strategy for sustainable development
- Action plans – neighbourhood policy, preparation of neighbourhood instrument (also medium term). Completion and follow up on the report of a high level group to define infrastructure links between EU and new neighbours.

Road Transport

- Eurovignette proposal and implementation of European road charging system
- Review of road safety programme
- Strategy for urban environment (clean urban transport)

Rail

- Third railway package (goods transport quality, train driver license; no activity on international passenger transport market opening, passenger rights)
- Development of ERTMS (European Train Management System)
- State aid guidelines to improve transparency

Maritime Transport

- Erika III package on maritime safety
- Access to port services market
- Port charges
- Amended state aid guidelines for maritime transport

Civil Aviation

- Implementation of single sky, including development of the SESAME project for improved ATM systems
- Airports - Proposals on airport charges, on opening of a commercial slots market, review of rules on access to groundhandling market and a communication on airport capacity
- Amended state aid guidelines
- Question of the introduction of emission trading

Medium term perspective (2006 – 2009)

Horizontal issues

- Possible Creation of a TEN Agency
- Social aspects of transport, primarily road and maritime transport, also those occurring as a consequence of enlargement

- Development of a framework for public service
- Action plans – neighbourhood policy, preparation of neighbourhood instrument

Road Transport

- Measures to favour use of clean cars by the public sector
- Development of on board units for vehicles for purposes of road charging, traffic management etc.

Maritime transport

- Maritime safety and security (implementation and new proposals)
- Consultation and possible development of a maritime policy, including creation of a European Maritime Space. This includes measures for protection from pollution and possible creation of a European Coast Guard

Civil Aviation

- Proposal for taxation of Kerosene for intra EU flights
- A number of the proposals mentioned in the short term

General Remark

A number of the items mentioned in the short term perspective will of course remain alive into medium term, either as decision making issues or for implementation purposes.

4. Basis for Cooperation in the Baltic Sea Region

When selecting subjects suitable for coordination, cooperation or exchange of views between the Member States of the Nordic Council alone or with the Member States of the Council of Baltic Sea States, the following tendencies could be kept in mind.

- The issues of infrastructure charging, infrastructure financing and state aid

Peripheral countries and/or countries with long internal distances and sparse population could have specific interests in common to ensure a level playing field for their actors on the market.

Enlargement

Implementation of enlargement including updating of legislation, equipment and infrastructure to get a level playing field in all transport sectors,

particularly road and maritime transport. This raises the question of monitoring of EU social legislation in the transport sector (on working hours, for instance) and the question of outsourcing caused by differences in cost levels and possible action.

Multimodal transport chains/logistics

Development in the Baltic Sea region partly with the aid, also financially, of programmes such as TEN T, (motorways of the sea), the Marco Polo Programme and the programme to develop a coordination function (“freight integrator”) for multimodal transport.

Related to these questions is the matter of suitable modules (containers and swap bodies) and weights and dimensions of heavy goods vehicles.

Crossborder projects

A number of such projects exist or are planned in the region, not only at state level but also at regional, subregional and local level. They concern a number of issues from infrastructure to transport services. Financing sources and programming contexts vary, for example TEN T, regional funds to Marco Polo, public and private funding.

The question of adequate geographical balance when coordinators for TEN projects are designated could be a significant element.

European Maritime Space

In view of the role of maritime transport in the Baltic and the dynamic expansion of sea transport in the region, this item could be important.

Neighbourhood policy

- *Relations with Russia.* The transport dialogue with Russia is part of the development of the economic space under the Partnership and Cooperation Agreement (PCA) between EU and Russia. It concerns all transport sectors. Its future framework will be provided by the action plan to be agreed in the spring of 2005 and the resources available under the new Neighbourhood Instrument for the period 2007 – 2013.

A general aim is compatibility of Russian legislation with the EU framework in all transport modes, including issues such as market access (including dismantling of monopolies, for instance in the railway sector), safety, security and environmental standards, particularly in relation to maritime transport and civil aviation as regards Russia. The dynamic expansion of maritime transport, and in particular tanker transport, in the Baltic Sea makes maritime security and maritime environment particularly urgent. In civil aviation ATC matters could be included, raising the question of relations between Russia and EUROCONTROL.

Linking up Russia by adequate infrastructural links and facilitation to shorten waiting time at border crossings are urgent topics. Transit matters are particularly important with respect to the Kaliningrad Oblast.

- *Relations with Ukraine.* The issues now raised with respect to Russia could also concern Ukraine. Judging from current programmes, attention in relation to Ukraine is currently mainly fixed on infrastructure, road transport, small border traffic and civil aviation, particularly ATM. A new dimension may be added if prospects for accession negotiations were to become operationally relevant.
- *General measures, available resources.* The Neighbourhood Instrument is intended to furnish a single frame for action to replace for instance Phare and TACIS programmes. Coordination/overlap issues could still remain with respect to for instance TEN – T resources and regional funds. Examples of this could occur for instance the Nordic Dimension and various regional policy programmes. A high level group will start working in the autumn of 2004 on the definition of links between EU and its neighbours and other neighbour related transport issues.
- *Norway and Iceland.* In their capacity as members of the EEA, Norway and Iceland take over internal market related, i.e. mainly first pillar EU legislation, with appropriate adaptations, through the EEA institutional machinery. It may be useful to consider opportunities for common action by the Nordic Council and, as appropriate Member States of the Baltic Sea States Council to resolve practical and formal problems.

5. Scope for Future Cooperation in the Baltic Sea Region

The situation outlined above raises a number of challenges where Nordic Council action in the transport sector could serve common Nordic interests by coordinating positions and play an enhanced part in various contexts in the Baltic Sea Region both regionally and at EU level. Obviously, one of the main partners for such action is the Council of the Baltic Sea States.

Such coordination could occur wherever common interests exist and a common approach can be defined. The Nordic Council could be a natural core group to select subjects for discussion in a wider context, such as the CBSS. The transport sector of the Baltic Sea Region could gain form such a transport policy coordination.

At this moment, the following issues seem particularly suitable for consultation/cooperation of this kind between the Baltic Sea States

Infrastructure

- *TEN T guidelines and financing regulation; multimodal transport corridors.* Projects in the Baltic Sea area between the states concerned and beyond. Implementation of the notion of “project of European interest” as a basis for priority, implementation of the motorways of the sea priority project in the Baltic; use of the project coordinator function and of the transborder cooperation openings provided by the TEN T guidelines; monitor multimodal transport projects, also outside TEN T.
Financing issues including question of future budget resources and financing possibilities from international financial institutions and private capital.
- *High Level Group on infrastructure links with EU neighbours and other transport issues agreed at Santiago de Compostela.* Monitor and influence the activities and outcome of the high level group, including financing issues, as well as the follow up by the Commission.

Reasons

Configuration of infrastructure links/transport corridors in the Baltic Sea Region is a necessary basis for integration and should be a matter of common interest for the states concerned by such links. Exchange of views and, whenever possible, transnational coordination of configuration and priorities is in line with the spirit of the guidelines. The use of the TEN coordinator function could be monitored to ensure geographical balance. The projects, corridors and financing solutions for the linkup of new neighbours to be discussed/suggested by the High Level Group should dovetail with the TEN T. The group may also address other neighbour related transport issues.

Market, operation and sustainability

- *Multimodal Corridors/Logistics.* Definition of such corridors and projects are of relevance for the configuration and ease of transport flow. They are linked to infrastructure issues (TEN – T), to facilitation issues, to safety and security and to technical questions, such as the configuration of containers, swap – bodies and possibly the weights and dimensions of heavy goods lorries.
- *Rail Transport.* Processing of current proposals and implementation of the adopted rail packages.
- *Maritime Transport.* Monitoring of proposals relating to, in particular maritime safety, security and social conditions as well as harbour regulation, in particular market opening for self handling, charges and level playing field.
- *Road Transport.* Particularly social/safety regulation, including monitoring of the implementation of existing legislation and problem

definition with a view to the future, particularly in the context of enlargement implementation and the transport dialogue with Russia and Ukraine.

- *Infrastructure pricing and implementation conditions of the European Road Charging Service.* The geographical situation, comparatively large surfaces and sparse population of most countries in the region could form a basis for common interests and common approaches. According to the Commission programmes several sectors could now become concerned. As regards for instance certain airports and possibly certain ports, the link to questions of state aid and public service could be particularly relevant.
- *Deployment of Galileo satellite navigation system.* The development of on board units for vehicles is both an operational and industrial matter.
- *Environmental issues.* Criteria regarding fuel and taxation of fuel, possible proposals regarding trade in emission rights.
- Facilitation issues and customs procedures.

Reasons

The items have been selected because they seem to be of interest from a Baltic State viewpoint or because they are relevant for EU neighbourhood relations.

Rail has a key role in the EU transport policy and in the TEN T guidelines. It is an important part of the EU transport dialogue with Ukraine and Russia.

Maritime transport holds a high priority on the EU transport policy agenda (for example the TEN T Motorways of the Sea project already mentioned and the importance attached to the development of short sea shipping) and is expanding dramatically in the Baltic. Safety and security are important also because of the increased tanker traffic in the Baltic. The social conditions of seafarers are a high priority issue in the EU and will remain high on the EU agenda. Implementation issues may arise in the context of enlargement implementation and in relation to neighbours (cf road transport), also to ensure equal conditions of competition (level playing field).

Harbour regulation clearly relates to the working conditions of maritime transport and the functioning of multimodal transport corridors in and outside TEN T. The issues raised are also important for the competition conditions of harbours.

Road transport. Monitoring of the implementation of social and safety legislation and problem definition is important to ensure a level playing field when the transport market expands as a consequence of enlargement both in relation to new member states and in the transport dialogue with Russia and Ukraine.

Infrastructure pricing. Low population density, long distances, big areas with sparse traffic, high transport costs to reach markets in central

Europe, practical and financial problems in introducing fine tuned systems are conditions that recur in the Baltic Sea States. They are relevant both for infrastructure pricing as such and for the coming application criteria for the already decided European Road Charging Service, which are to be elaborated during the years up to 2006.

Galileo deployment is linked to the configuration of road charging systems, but also to navigation and safety. EU has concluded a cooperation agreement with Ukraine and negotiations with Russia are under way.

Environmental issues. Solutions proposed often have an impact on the transport sector, such as rules on fuel quality and fuel taxation.

Facilitation and customs procedures are important to the good functioning of transnational transport corridors, in particular as regards border crossings to neighbouring states.

Transport Dialogue with neighbours

- A coordinating function in the transport dialogues with Russia and Ukraine, to help create a flexible and constructive exchange of views in that dialogue

The transport dialogue EU – neighbouring states aims at achieving optimal coexistence and/or integration of markets. Discussion of common problems in a regional context can improve their visibility and thereby ensure that they are taken into account at EU level, since the institutions implementing the PAC agreements are composed on the troika principle. This means that the EU is represented by the Presidency and the Commission. N B that the high level group mentioned under infrastructure may also discuss market related issues.

Coming Presidencies

Clearly coming EU presidencies among states in the region provide an opportunity to put an emphasis on certain questions. The most immediate example of this is the upcoming Finnish presidency in the autumn of 2006 where particular emphasis will be put on logistics.

6. Milestones for Review of the Study

Important new elements will influence the EU transport policy priorities and long term agenda during the period end 2005 – 2006. Therefore, it is suggested that this study should be reviewed to take account of future political choices at EU level. Four milestones are suggested for this purpose, as further developed in section 8.

1. Introduction

This study has been commissioned by the Nordic Council of Ministers with a view to define EU related matters in the field of transport suitable for cooperation between the states around the Baltic Sea and to which such a cooperation may prove favourable. The inventory of current and upcoming matters on the EU agenda that this implies is to be made in a medium – term, i.e. a five year perspective.

This means an inventory of the EU transport agenda for the next five years, as far as may be foreseen at this point in time, an overview of EU transport legislation, of EU projects in the field of transport that may influence or be relevant for the Baltic Sea region and the neighbourhood policy of the EU in relation to Russia. It also necessitates an attempt to identify those items or themes that may be of particular interest to the countries around the Baltic Sea and suitable for cooperation among them, whether they be members of the European Union, the European Economic Area (EEA) or neighbour countries.

2. The General Context

2.1. A Period of Significant Changes

The study covers the period 2004 – 2009, inclusive. During that period, a number of horizontal parameters that are important for various assessments made in this study will change.

The new Constitution if it is ratified may be the most fundamental of these changes at EU level. It may also be one of the least significant for the purpose of this study, i. e. for the transport sector. The changes relating to substance and procedures in the field of transport are insignificant. Nevertheless the new designation of secondary legislation, i.e. law instead of Regulation and Framework Law instead of Directive will also apply in the field of transport. Further, the legal basis for specific action to ensure services of general economic interest will be strengthened under Article III 6, as is also pointed out in the recent Commission White Paper on services of general interest (COM (2004) 374). The organization of presidency teams may also improve policy continuity in the field of transport. The enhanced role of the European Parliament in designating the Commission and in controlling the Commission's exercise of its powers of implementation, as well as the window that has been opened for legislative initiatives of a certain number of Member States and a minimum number of citizens may also make a difference in the political context, since it slightly encroaches on the Commission's exclusive right of initiative which may slightly weaken its political stature.

Enlargement is a continuing process. First, the recent enlargement with ten new Member States requires a number of follow up measures, such as infrastructure development, improved equipment, improved administrative competence. This makes requirements on the EU budget and programmes in the field of transport as well as the cohesion and structural funds; The way these resources are allocated during the remainder of the current financial perspectives and programming periods until 2007 and what parameters will be set for the new financial perspectives and programming periods 2007 – 2013 is therefore important to the transport sector. The enlargement process also continues with Bulgaria, Romania, Croatia and Turkey.

The neighbourhood strategy envisages developing relations with new neighbours after enlargement, such as Russia, Ukraine and Belarus. In transport this means developing infrastructure links, facilitation and, in general terms and as far as possible, link them up to the internal market and other fields of cooperation between EU Member States. This policy will be reverted to below.

The new financial perspectives 2007 – 2013 will define the resources available to carry out a number of projects/programmes with high transport relevance. Examples of such projects/programmes are TEN T, the Marco Polo programme to develop multimodal transport, co-financing of the Galileo satellite navigation project, the seventh research framework programme, regional and cohesion policy and an active neighbourhood policy with respect to the new neighbours of the EU. Neighbourhood relations also concern Russia which is particularly important since Russia is defined as one of the strategic partners of the EU and the close coordination sought for instance in the Common European Economic Space (CEES). The financial perspectives 2007 – 2013 will in principle be settled in 2005 or 2006 and mark the agenda already now. Proposals have been made by the Commission concerning for instance financing of TEN T, Marco Polo and Galileo.

A new Commission took office on 1 November 2004. On 26 January 2005 the new Commission adopted its strategic objectives for the period 2005 – 2010 and its work programme for 2005. The strategic objectives and the working programme remain on substance within the frame of the long term strategies already defined. The presentation is however new and consistent with the focusing on growth and jobs and the importance given to the social dimension that appear in the Commissions' report to the European Spring Council 2005 in view of the mid term assessment of the Lisbon strategy. The initiatives indicated in the 2010 strategy and the 2005 work programme are therefore brought under one of four headings, i.e. "Prosperity", "Solidarity and social justice", "Security" and "External relations." In the 2005 programme, 2005 is described as a "pivotal" year with emphasis on growth including TEN T, industrial policy, the financial perspectives for 2007 – 2013, implementation of enlargement and continuing enlargement. High importance is given to the mid term review of the Lisbon strategy, security and neighbourhood policies. High quality implementation, delivery on made engagements and better, that is, simpler and better prepared legislation are important priorities.

3. Strategies

3.1. Introduction

Transport policy is governed by the provisions of the Transport Chapter in the EC Treaty (articles 70 – 80). This chapter deals essentially with internal market conditions relating to service provision in the field of transport. The substantive provisions mostly apply to land transport, which includes road, rail and inland waterways. Article 80 provides a legal basis for legislation, as required, in the maritime and aviation sectors. Transport is excepted from the scope of the general provisions on freedom to provide services in Articles 49 – 55 – see Article 51.1. Nevertheless, general principles such as non discrimination apply. Competition law applies to provision of transport services, as do freedom of establishment, free movement of capital and environment.

The treaty provisions and secondary legislation regarding the Trans European Networks and provisions on free movement of goods are relevant for the transport sector. As regards the TEN, the reason is obvious. Provisions on free movement of goods are pertinent as regards provisions regarding technical harmonization regarding for instance motor vehicles, aviation and railway equipment. Transport and TEN – T are often referred to as a key vehicle for ensuring free movement of goods, persons and services in the EU and transport activities have significant effects on the environment. They are therefore key elements in the horizontal strategies for the internal market.

A transport agenda on the 2010 horizon has been set by the White paper on transport, with a half time assessment planned for 2005.

3.2. Horizontal Strategies

3.2.1 The Lisbon Strategy 2000 - 2010

The Lisbon Strategy, agreed at the Lisbon summit in March 2000 aims at making the European Union the most competitive knowledge – based economy in the world by 2010. This includes completing the internal market, for instance by opening trade in services to competition. The Commission has proposed a strategy to that effect which has entailed various proposals such as the proposal for a general directive on the freedom to provide services, currently before the Council of Ministers and the European Parliament. Obviously initiatives such as the opening up of

the railway market, the opening of the ports market, development of Trans European Network and facilitation measures of various kinds regarding transborder exchanges are part of the implementation of the Lisbon strategy.

The aims of the Lisbon strategy to achieve a dynamic evolution in the fields of research, IT and telecommunications and investment in infrastructure, mainly in the fields of energy, telecommunications and transport are supported by the Action for Growth (Growth Initiative) endorsed by the European Council in October and December 2003. That initiative seeks to boost public and private investment in the TEN:s (energy, telecommunications and transport), in research, innovation and development. Part of inter alia the TEN T projects are included in a quick start programme of mature projects that could commence immediately.

The Lisbon strategy also favours sustainable development for which a specific long term strategy was defined at the Gothenburg European Council in 2001. Transport policy aims, such as achieving a modal shift away from road to rail and sea transport, and the application of a polluter pays principle are also part of that strategy.

A further priority of the Lisbon strategy is better and more accessible legislation, which is also a priority part of the strategic long term presidency programme 2004 – 2006.

A mid – term report of the Lisbon strategy including stocktaking is foreseen for the Spring European Council in March 2005. A high level group submitted a report in the autumn of 2004, suggesting stricter implementation, national programmes, improves monitoring and the introduction of a ranking list among member states as to the implementation of the strategy. The Commission report to the Spring European Council maintains a lower profile but emphasizes the growth initiative including TEN T development, the importance of adequate transport links and the service market. Efficient monitoring and the responsibility of member states are also highlighted.

3.2.2. The Gothenburg Strategy for Sustainable Development and the Environment Action Programme 2002 – 2012

The Gothenburg European Council in the spring of 2001 endorsed a long term strategy for sustainable development, to make growth and economic development compatible with safeguarding of the environment. Features of the strategy are the polluter pays principle, internalization of external costs and decoupling economic expansion from increased transport demand. An assessment of the strategy is foreseen for 2005.

The Commission's Environment Action Programme, of 22 June 2002, runs until 2012. It covers several sectors including transport. It seeks to integrate environmental concerns into all Community policies and also foresees international action to promote its aims. This means analysis of

benefits and costs, analysis of the environmental efficiency of emission trading, and creation of a liability regime for damages to the environment. The Programme wants to promote effective and sustainable use of land and sea by inter alia promoting best practices and use of land planning to environmental ends. Internalisation of external costs and decoupling of transport demand from economic growth are salient transport related features of the programme. Other transport relevant aims of the programme are promotion of energy efficiency, reduction of greenhouse gas emissions, noise limitation, increased public transport in urban areas, promotion of the use of clean vehicles in public transport. The programme aims at protection of the maritime environment and of coastal areas. Further aims linked to transport in general and particularly to transport of dangerous or harmful goods and substances are to stop discharges, emissions and losses of dangerous substances.

Specific aims of the Programme are the entry into force of the Kyoto Protocol to the UN Convention on Climate Change, the development of a Community emission trading system starting by CO₂ emissions, later possibly also for greenhouse emissions.

An evaluation of the implementation of the programme is to take place in the fourth year of its operation, that is, in 2006.

A number of transport policy initiatives clearly relate to the Environmental Action Programme. On the other hand the institutionalized contact in the form of joint ministerial meetings with transport and environment ministers, the so – called Cardiff Process - at least once during each presidency, has not been active since the autumn of 2002.

3.2.3 The European Neighbourhood Policy (ENP)

General framework

The European Neighbourhood Policy (ENP) started in the 1990:ies, is a long term strategy or framework to develop relations with the states that have become the neighbours of the EU after enlargement. The geographical scope of the policy is the neighbouring countries to the EU from North Africa via the Balkans to Russia. Eligibility for co-operation depends on the democratic standards of each country and is decided on a case by case basis. The only country in Northern Europe the standards of which seem to have been put seriously into question is Belarus.

The strategy is horizontal and spans over all sectors that may come into question for cooperation. It therefore includes not only internal market aspects but also matters of external security, justice and home affairs. As regards the internal market it is essentially a question of creating favourable conditions for linking the neighbouring countries up to the internal market.

The basic framework for the policy is usually Partnership and Cooperation Agreements (PCA). In the region in or adjacent to the Baltic Sea region such agreements have been concluded with Russia and Ukraine. Action has been carried out by implementation of unilaterally decided Common Country Strategies. TACIS action is governed by National Strategies and National Implementation Programmes and the Northern Dimension by Action Plans. The unilaterally decided Common Country strategies concerning Ukraine and Russia are coming to an end. As for Ukraine a negotiated Action Plans has been agreed. No agreement has been concluded as yet with Russia, but it is being hoped that one will be signed at the EU – Russia summit in the spring of 2005... For the time period until 2007, the action plans will be financed through currently existing programmes such as TACIS and Phare and through financing arranged by the European Investment Bank and other international financial institutions. The current action programmes concerning TACIS and the Nordic Dimension come to an end in 2006, with the current budget period. For the financial perspectives period 2007 – 2013, a specific financial instrument, the European Neighbourhood Instrument will be created.

The financial resources available for the period until 2007 are for instance, under the TACIS programme 75 million €, under the Phare programme around 90 million €. The European Investment Bank will arrange funding for the same period in the amount of 500 million €. What resources will be available for the European Neighbourhood Instrument from 2007 will depend on the outcome of the internal EU decision making process as regards the financial perspectives 2007 – 2013.

The future neighbourhood policy is outlined in a strategy paper (European Neighbourhood policy, COM (2004) 373 approved by the Commission and transmitted to the Council of Ministers and the European Parliament 12 May 2004. The main strategy has also been endorsed by the Council for General Affairs on 14 June 2004 and by the European Council (the Summit) 16 – 17 June 2004. The Council conclusions, however, underscore the distinction between relations with Russia and other neighbouring states. In both contexts the importance of improved trade, improved infrastructure links and facilitation of frontier crossings are highlighted. The European Council and the Council of General Affairs ask the Commission to negotiate action plans with the new neighbours. General information about the structure and functioning of agreed action plans can be found in a Commission communication 9 December 2004 (COM (2004) 795 final)..

The institutional framework of the PCA: s usually consists of a Cooperation Council of ministers where EU is represented by the presidency (usually foreign minister) and the Commission and which usually meets twice a year. At official's level, there is a high level officials committee

and specialist subcommittees. In the case of the Ukraine one of the committees deals with infrastructure and transport.

Russia

Cooperation with Russia takes on a specific importance since Russia, with Canada, China, India Japan and the USA is described as one of the strategic partners of the EU (see for instance Presidency Conclusions from the European Council 17 and 18 June 2004, paragraphs 75 through 77).

At the Russia – EU summit in the May 2003, it was decided to densify and concretize cooperation within the framework of the PCA. It was agreed to reinforce cooperation by creating four common spaces i. e. a common economic space, a common space for freedom, security and justice, a space for cooperation in external security, a space for culture, research, education and culture. The Cooperation Council was to be replaced by a Permanent Partnership Council (PPC) to meet more frequently and in different formations, with ministers/commissioners with sectoral responsibilities. A cooperation Committee at senior officials level was created, to be assisted by nine subcommittees (SC). Mention could be made of SC 2 dealing i.a. with energy and environment, SC 4 dealing with transport, telecommunications and space and SC 4 dealing i.a. with competition.

The Common Economic Space was to build on the preparatory work for a Common European Economic Space elaborated by a high level group. The field of transport and satellite navigation would be specially highlighted in the framework of a transport dialogue. Transport cooperation would focus on environmental issues, maritime safety, dismantling “natural monopolies” in for instance the railway sector and efforts to make Russian legislation in the railway, road transport, maritime and aviation sector compatible with EU regulation. In aviation inter alia safety and ATC issues and prospects of Russian accession to EUROCONTROL could be addressed. Transport cooperation also focuses technical cooperation, for instance to improve rail systems. Further important issues are development of infrastructure links to the TEN network, facilitation at border crossings as regards customs and administrative procedures. The theme of sustainable development is also on the agenda for future cooperation.

Special attention is also given to transit questions for persons and goods to and from the Kaliningrad Oblast.

As already pointed out, this agreement has not yet been concluded, but it is foreseen that it will be signed at the EU – Russia Summit in the spring of 2005.

Ukraine

- The transport agenda in relation to Ukraine is has been more limited in scope. It has focused on infrastructure linkup, rail, aviation security and ATC and facilitation of “small border traffic” but will now leave room for wider cooperation/coordination in transport envisaging to create compatibility with the internal market and infrastructure development
- The ENP strategy for the future

The strategy paper mentioned above (European Neighbourhood Policy, COM (2004) 373) focuses on the following transport related issues.

The coming action plans should create efficient, multimodal and sustainable transport systems in the neighbouring countries. Examples given are competition in harbours and in airports, a modern regulatory framework, efficient road transport and interoperable railways. Security is particularly highlighted as are the transeuropean networks. Facilitation at border crossings is referred to as a very important issue in view of the sometimes unacceptably long time spent at border control/customs procedures. The Pan European corridors, i.e. infrastructure links, are one of the parameters evoked as an important base for further work.

Regional co-operation is highlighted as a useful context to bring cross border projects forward. The Baltic Sea States Council, the Northern Dimension, the Central European Initiative are quoted as important groups of the kind that could be useful to bring the neighbourhood policy forward. It is particularly underscored that there is no particular point in creating new organization. Use should instead be made of existing fora.

As for the future neighbourhood instrument, mainly the following two kinds of projects will be considered.

1. Support to crossborder cooperation across all land and sea borders concerned, mainly at NUTS III level (Nuts III, basically corresponding to province). For maritime project also NUT II (i.e. regional level) may be considered. Both bilateral and multilateral projects may be considered. Multilateral project could be particularly apt in a maritime context (sea – crossings) where distance and other elements prevent an efficient bilateral cooperation. The programmes are to be defined by the parties concerned on both sides of the border or borders concerned. The Commission should delegate implementation to an administrative body. Selection procedures and implementation should occur in common structures with participation by national, regional and local authorities in the EU states and neighbouring states concerned.
2. Flexible support to wider transnational cooperation projects that concern actors and recipients from EU Member States and Neighbouring Countries. Such cooperation should be in fields that are

to be designated in the regulation defining the instrument. Examples quoted are areas such as environment, energy, telecommunications, transport networks etcetera. The Commission should also have the competence to suggest projects. Projects may concern the entire EU and relevant parts of neighbouring states. The definition of the programme and its implementation are to be centralized to the Commission, which should nevertheless have the power to delegate implementation to external organs.

As regards infrastructure links, it has been agreed at a meeting on a “Wider Europe for Transport” held at Santiago de Compostela in Spain on 8 June with the Commission, members of the European Parliament, ministers from Italy, the Netherlands, Russia, Slovenia, Spain Turkey, Ukraine, the vice President of the European investment Bank and a number of personalities from the transport sector, to appoint a high level group to find agreement on the extension of the “major transeuropean axes of the TENs” to the neighbouring countries, including the motorways of the Sea and to identify priority projects on these axes. The so called Pan European Corridors and areas are to form the background of the exercise for Russia and the New Independent States, including the Black Sea Region and the Balkans. The Group may also look at other transport policy issues such as standardization, interoperability, cross – border and other interconnections, operational procedures, quality requirements, environmental sustainability and modal balance. It is pointed out that the rapid growth in trade and commerce will continue and that it is expected that by 2020 the traffic between EU and its neighbours will have doubled.

The high level group is in fact very similar to in its structure to the van Miert Group. An important difference is, however, that this group has a much wider mandate as it may look at most of the questions that now are of interest to bring the new neighbours closer to the internal market in the field of transport. So far it has mainly devoted itself to infrastructure. A public consultation is currently taking place, ending in April 2005. The group is scheduled to present its report in the autumn of 2005. It will be followed up through a Commission communication to be adopted in December 2005.

The high level group is presided by the former transport commissioner Ms Loyola de Palacio. On it sits representatives of the neighbouring states, the EU Presidency and the Commission. Representatives of the EU member states also participate, though not as formal members.

It should be recalled that similar issues were discussed at the Ljubljana Council of the CEMT on 26 and 27 May 2004. In fact the Pan European transport Corridors were originally defined by CEMT at meetings in Crete in 1994 and Helsinki in 1997. Particularly significant for the Baltic sea region seem to be Corridor I, Via Baltica Helsinki – Warsaw/Gdansk,

Corridor II Rail connection Berlin – Moscow, Corridor IX rail Helsinki – St Petersburg – Moscow with prolongations to the Black Sea and the Mediterranean.

A considerable number of initiatives relating to infrastructure links have been and are being taken in the Baltic Sea area. As examples may be quoted the ministerial meeting 5 September 2003 in Vilnius concerning Via Baltica, regional and subregional initiatives such as Baltic Gateway, Baltic +, Seagull, SEB Trans Link, South Baltic Arc, String II, most of which are financed in part by structural funds.

3.3 The White Paper on Transport Policy 2001

The 2001 White Paper on transport policy and the list of actions annexed to it remains the main guideline for the action of the Commission in the field of transport. While the majority of the actions foreseen in the White Paper have been the subject of an initiative, a fair number of actions remain unfinished. A number of items are still pending. The subjects on which against this background new action may be expected are.

Under the priority of shifting the modal balance;

1. Improve the quality of road transport, promoting efficiency and uniformity of interpretation of the application and control of existing road transport legislation and harmonizing minimum terms in the transport contract to allow a tariff review if there is a cost increase, for instance in the price of gasoline.
2. Revitalise rail, including opening of a dialogue with rail industries to reach a voluntary agreement to reduce negative effects on the environment.
3. Mastering the growth of air transport, including a number of measures to implement the single sky regulatory package to improve air traffic control and air traffic management, taxation of kerosene, modulation of en route charging, as well as a number of measures concerning airports (review of regulations concerning slots, airport charges, use of existing capacities, integrating air transport in the transport chain).
4. Improve the sea transport and inland waterway system, including facilitation of administrative and customs procedures (one stop shop), strengthening the framework for security checks on passengers, increase security in cooperation with IMO and ILO by introducing minimum social standards, harmonization of a number of rules on security. A number of initiatives concerning inland waterways traffic are pending owing to a problem of competence with respect to the conventions governing inland waterway transport on the Rhine and

the Danube. The Commission is proposing that the Community adhere to these.

5. Link up the various transport modes by developing a “freight integrator” profession and standardized loading techniques, in addition to the Marco Polo project and the proposal for standardized transport units pending before the Council.

Eliminate bottlenecks

In addition to the revised TEN T guidelines now adopted, adopt the framework for cross subsidizing new parallel infrastructures, particularly rail, now pending before Council and Parliament.

Put the user at the heart of transport policy

1. Road security is a field where the regulatory measures foreseen by the white paper have most failed to materialize. This goes in particular for the aim of harmonizing rules on checks and sanctions, common rules on safety belts for buses, harmonized road signs. While a panel of independent experts to investigate accidents has been created, the remainder of measures on this politically very topical matter has been a number conclusions and a road safety charter signed by a number of stakeholders, all setting out the aim of reducing accidents, enhancing cooperation, endeavour to harmonise rules exchange best practices and action against drunken driving. A proposal to identify accident black spots and harmonise signalization of those, is pending.
2. The project of a proposal to set out the general principles of charging the user for the utilization of infrastructure, suppression of certain taxes to achieve cost neutrality and cross - subsidizing has not materialized, in spite of advanced preparatory work, but allegedly remains on the agenda. The proposal on a modified eurovignette system is still pending before Council and Parliament. A proposal for a common taxation for professionally used fuel is pending. The only success so far in this field is a directive creating a European Road Charging service, to allow one stop shop payment for international journeys.
3. A planned proposal on framework rules regarding the air transport contract has not yet been made. This is also the case with a proposal on the rights and duties of maritime transport passengers, rail passengers in national transport and passengers in urban transport. Proposals for amending procedures for state aid notification particularly regarding public service obligations regarding traffic to peripheral regions of the Community and small islands are still pending, as are precisions of the general principles to govern services

of general economic interest in the field of transport to ensure a quality service to users.

Handle the effects of globalisation

Negotiations for membership of international organizations such as IMO and ICAO are being prepared.

The outcome of the White Paper approaching halfway to 2010

Summing up, slightly under half the measures proposed in the White Paper have been carried out, around one fourth are still on the agenda in mostly in fairly advanced stages of preparation but mostly faced with major political or formal problems. About the same proportion have encountered serious difficulties or have not been taken.

The White Paper itself foresees a stocktaking of the results achieved in 2005. According to the Commission work programme 2005, a stocktaking will take place in the form of a Commission communication, to be adopted in December 2005. Preparatory work has started.

4. Council Presidency and Commission Short Term / Medium Term Action Programmes

4.1. Presidency Multiannual Programme 2004 – 2006

The Irish, Dutch, Luxemburg, UK, Austrian and Finnish presidencies have established a three year strategic programme for the period 2004 – 2006. They assume a collective responsibility for delivering on the strategic priorities of this programme up to 2006 “efficiently and on time”. The programme sets out specific objectives to be achieved as part of the drive for economic competitiveness, full employment, economic and social cohesion, social inclusiveness, environmental improvement and internal and external security. The programme has been elaborated in close consultation with the Commission and complements the Commission’s annual policy strategy. It will underpin the Council’s annual programmes over the next three years. The European Parliament has been informed about the programme’s purpose and content.

The programme is divided into three sections as follows.

- The evolving constitutional, geographical and financial shape of the Union and the objectives for ensuring an effective transition.
- The priorities for policy modernization and development in the main areas of internal Union activity.
- The external engagements of the Union.

The first section highlights the future Constitution and sets the aim to ensure a ratification process with a view to entry into force of the Constitution by 2006. The presidencies undertake to work toward a rapid and smooth implementation and to improve the working methods of the institutions.

The key priority is set out as making a success of enlargement. Particularly highlighted are implementation of the *acquis* in the new Member States and continued contribution by the Union to build up administrative capacity in the new Member States and fully integrate them into existing programmes in all policy areas. High priority is also given to the Lisbon Strategy, the Schengen *acquis* economic policy coordination and the Stability and Growth Pact.

Work on the financial framework for the period 2007 – 2013 will be carried forward to make possible a political agreement by the European Council in June 2005, which presupposes proposals by the Commission by July 2004 and a decision by the European Council in December 2004 on principles and guidelines.

The second section sets out the policy agenda priorities as follows.

The aims of the Lisbon Strategy Efforts will be made to improve the functioning of the Strategy and the policy content. The mid term assessment in 2005 and the Spring European Council that year will provide a suitable opportunity for a major progress assessment. An integrated strategy for competitiveness will be pursued as well as systematic consultation of interested parties and a comprehensive assessment of the economic, social, environmental and regulatory impact of all major proposed Union legislation according to the interinstitutional agreement on Better Regulation.

Boosting growth, in accordance with the Stability and Growth Pact, including full implementation of the European Growth Initiative. This priority has been endorsed by the March and June 2004 European Councils.

The importance of a dynamic and well functioning internal market is stressed. Particularly highlighted are

- Completion of the internal market in line with the Commission's 2003 – 2006 internal market strategy. This includes adoption and/or implementation of legislation on liberalization of rail and, port services and aviation sectors.
- Enforcement, timely and efficient transposition of Community legislation, a pro – active competition policy and reform of the state aid system.
- The internal market in the services sector must be completed in accordance with the Commission's strategy and obstacles to cross – border provision of services removed.
- The regions of the Union must be interconnected with respect to i.a. transport links.
- Consumer protection must be improved – including implementation of the 2002 – 2006 strategy for consumer protection.

The strategy also highlights the *European Employment Strategy*, including the Lisbon commitments to full employment and labour market reforms.

The importance of pursuing the 6th framework research programme and agreeing on the 7th framework programme (2007 – 2013) in good time before the end of 2006 are stressed, as is the deployment of the GALILEO Satellite Navigation Programme.

Regarding sustainable development and environmental protection, the review of the Union's Strategy for sustainable development in 2004 early 2005 is highlighted as a step to prepare the 2005 Lisbon Strategy review. There must be coherence between the Union's internal and external action. Transport is a key sector for sustainability with the possibilities inherent in decoupling transport growth and growth of GDP, increased use of environment friendly transport modes and improving safety.

High importance is given to proposals for infrastructure charging and developing the rail market. Further priorities are maritime safety and pollution prevention where action in international fora and close cooperation with neighbouring countries are pointed out as ways forward.

The community environment programme (2002 – 2012) and the mid term review in 2006 are highlighted as is the issue of combating the climate change and implementation of emission trading.

As regards *freedom, security and justice*, measures to combat terrorism are defined as a priority.

As regards *external relations* the development of a new neighbourhood policy is highlighted. A third Northern Dimension Action Plan will be prepared and finalized in 2006

4.2. The Multiannual Strategy and The European Council

In particular the items dealing with the Lisbon **Strategy** have been addressed by the Conclusions from the European Councils in March and June 2004.

Expressing concern at the slow pace of progress and stressing the need to step up the pace of reform if the required results are to be achieved by 2010, the March European Council stressed the need for better and timely implementation of agreed commitments, which means stepping up the pace Member State level, better monitoring and information exchange on best practices.

The importance of implementation of the Growth Initiative, including the Quick Start Programme, particularly as regards transport, energy, telecommunications, research, innovation and development are emphasized. The European Council would review progress at its spring 2005 session.

To enhance competitiveness the European Council emphasized the importance of completing the internal market, particularly in the telecom and services sectors. Importance is also attached to the initiative to achieve better regulation, i.a. through a further refined integrated impact assessment process by the Commission, working closely with Council and Parliament within the framework of the Interinstitutional Agreement on Better Lawmaking, developing i.a. a method to measure administrative burdens on business. The European Council invited the Commission to

to take account of the Council's views in relation to priority areas and timescales for simplification. The European Council would revert to this matter in November 2004.

The European Council emphasized the importance of research, and the need to attract private funding (cf. the Growth Initiative). It expected proposals from the European Commission that might include the possibility of setting up a Research Council.

On the issue of sustainable growth the decoupling of growth from negative environmental effects issue was again raised, as well as cost effective ways to implement EU decisions in the field of climate change and the potential costs of inaction. The importance of the Kyoto Protocol aims and of its entry into force – particularly Russian ratification - was raised. The environmental Technologies action plan and its implementation were highlighted, and the European Council intended to revert to that theme in the spring of 2005.

In a 2005 perspective the Council focused on the mid term review of the strategy and the intention of the Commission to draw up a roadmap. A high level group led by Mr. Wim Kok should be appointed to make an independent review of the situation, to be submitted to the Commission by 1 November 2004.

As for neighbourhood relations, the European Council expressed the wish to build a strategic partnership with Russia and develop cooperation in the four spaces addressed by the Partnership and Cooperation agreement and in the security sphere.

Noting the progress made, for instance by adopting the amended TEN T guidelines, the June European Council in general terms confirmed the March conclusions, adding the importance of the proposal for a directive on services, the White paper on services of general interest, the sustainable development strategy, emission reduction strategies and environmental technologies as well as the Commission Communication on a strategy for the outermost regions. The Council confirms the new neighbourhood policy and wanted to include also Armenia, Azerbaijan and Georgia in that policy.

As regards relations with strategic partners, the Council emphasized relations with Russia stating that “a full agenda” lay ahead developing the four common spaces. Environmental cooperation in the Baltic Sea Region would form an important part of this agenda. The importance of Russian ratification of the Kyoto protocol was again raised.

4.3. The Luxemburg and UK Presidencies 2005

The Common Luxemburg (first half of 2005) and UK (second half of 2005) presidency programme is compatible with the long term strategic programme as regards the horizontal aims set out. Particularly singled out are enlargement and the half – time review of the Lisbon Strategy at the spring 2005 European Council. The presidencies will seek to achieve a balanced strategy, focus on better and simpler regulation, delivery, openness, employment. Improved governance and development of a communication strategy are important themes. Likewise, efficient implementation of decisions taken and a well functioning internal market are qualified as more important than new decisions.. Simplified regulation and administrative simplification are qualified as important points as are security, reform of the stability and growth pact and a budget agreement concerning the period 2007 – 2013 and external relations. The simplified regulation priority is part of a programme shared with Ireland and the Netherlands.

As regards transport issues, the programme focuses on the following concrete themes.

- The third Erika package on maritime safety, when presented by the Commission will be prioritized. Progress will be sought on the revised proposal on market access to port services.
- Civil Aviation, particularly passenger rights and third country relations (negotiations with the US and proposals for mandates for negotiating Community agreements with new neighbour states. Any Commission proposal to include aviation in the EU Emissions Trading Scheme will be taken forward.
- Rail. Out of the third rail package (proposals for directives on international traffic passenger traffic market opening, for a European train driver's license, for quality standards in railway freight and on rights and obligation of international railway passengers) the presidencies intends to deal at least with the proposal for passenger rights and quality criteria for railway freight. The presidencies also support the Commission monitoring activity as regards railway policy.
- The issue of road infrastructure charging (Eurovignette) will be given high priority as well as social harmonization in the field of road transport.
- Examination of the forthcoming proposal on public service requirements will start when it is submitted.

As for the concrete items for decision at the meetings of the Councils of Ministers, the following is planned.

21 April 2005

Political agreement on the revised Eurovignette directive and on the proposal for technical criteria for inland navigation vessels. Agreement on the main points regarding rail passengers' rights, quality criteria in rail freight and the Marco Polo II proposal. Regarding Marco Polo budget matters will be let provisionally aside. In aviation agreement is hoped for as regards passengers' rights (right of information as to identity of carrier, rights of passengers with reduced mobility).

27 – 28 June 2005

Agreement on main points of proposal concerning market access to port services, presentation by the Commission of the Erika III package on maritime safety, common position on public service requirements in land transport (rail and road), political agreement on common positions regarding the abovementioned proposals on air passengers rights, agreement on proposal concerning licenses of air traffic controllers and on the proposal for market access to port services.

5. The Commission Priorities

5.1. The Commission Strategic Objectives 2005 – 2010

The programme aims to convey to Europeans a sense that strategies are being put in place to address the challenges of the future and to set out a clear and compelling vision of the direction in which the EU should be heading.

Four major priorities are set out. These are prosperity (i.e. growth and job creation), solidarity and social justice, security and finally external action.

The Commission wants the European institutions to work together and share a common action programme. The Commission therefore suggests to the Council and the European Parliament to agree to share the aims and actions set out in the strategic programme. These aims are.

- Making the EU work well by continuity from policy development to implementation, by ensuring well prepared and simple legislation and by ensuring that the Constitution is adopted.
- Making Europeans understand what EU does for them by developing a culture of consultation and participation, involving national parliaments, citizens, authorities and stakeholders, by openness and transparency, by accurate and efficient communication.

To achieve the priorities the following is set out.

- Prosperity is to be achieved by creating a business friendly environment characterized by a sound macroeconomic context, possibilities to operate freely all over the EU also in the fields of services, and taking into account services of general interest. The need for innovation and investment in research and infrastructure (TEN) are highlighted. The importance of job creation, the potential of immigration and the need to reduce the burden of regulation are all highlighted.
- Solidarity includes economic and social cohesion, sustainable management and protection of the environment, natural resources, energy supply and preservation of marine resources, which all implies solidarity with future generations. Part of this priority are also social protection systems, sustainability in a wide sense, preservation and strengthening of common values, such as fundamental rights and the possible creation of a European Agency for fundamental rights.

- Security and freedom, which implies measures to protect from terrorism, manage risks and ensure access to justice. Transport security and the risk of sea accidents are particularly highlighted.
- External action is warranted by the added political strength of Europe when acting together and the need for coherence internal/external European action. Other themes are global solidarity and crisis management.

5.2. The 2005 Annual Policy Strategy

In the field of transport, the strategic aims and the action plan of the Commission are set out in the 2001 White Paper on transport policy in a perspective toward 2010. The main orientations of the White Paper, as well as the concrete measures outstanding, with the exception of those that have been attempted and failed, are set out above under 3.3.

For the year 2005, the Commission has established a policy strategy which sets out the main orientations of the present Commission's views on how the next Commission should set its main priorities during its first year in office, pending the establishment of its 2005 detailed working programme. The current Commission assumes that the coming Commission will establish this programme in December 2004.

In any case, the 2005 political strategy is sufficiently well phased in with the long term strategies embodied in the multiannual presidency programme 2004 – 2006 and with the main long term strategies, such as the Lisbon Strategy, the strategy on sustainable development as defined at the European Council at Gothenburg in 2001, the environment action programme 2002 – 2012 and the post 2006 Social Agenda for it to remain fairly stable. In fact, one of the professed aims of the 2005 political strategy is to ensure, as far as possible, continuity between the current and the new Commission, i.e. ensure a good transition of power, prepare the ground for the new Commission and ensure coherence with the priority lines of actions indicated for the post 2006 financial perspectives.

The 2005 political Strategy contains the following main items of interest to the transport sector.

Three main orientations are set out, globally. They are, *economic growth*, based on competitiveness and cohesion, *better security* and full application of the notion of European Citizenship, and *external responsibilities*, in particular as regards neighbourhood.

Competitiveness and cohesion action includes industrial policy taking into account the predominance of the services sector (2/3 of PIB), improved research and development, reduced disparities inside the enlarged EU. A number of key initiatives are set out for 2005. Relevant for transport are.

- Development and implementation of the mature project identified in the Growth Initiative, particularly as regards extension of TEN T, research and technology.
- Control of state aids in the enlarged Union
- A legislative proposal on appeals in public procurement
- Priority to the rapid adoption of the services directive proposal by the co – legislators (parliament and Council)
- The start of a programme to develop and implement new systems for air traffic management will make it possible to support modernization in this sector within the framework of the Single Sky. A budget line of 5 million € for 2005 and 10 million € for 2006 is proposed.
- Proposal for a strengthening of the financing of the TEN T, TEN energy and the creation of a European guaranty instrument making it possible to mobilize private and public investments in support of concrete priority projects of European interest. A proposal to heighten the budget line for the TEN for the period 2005 – 2006 owing to enlargement is foreseen.
- Proposals are foreseen to improve and simplify legislation in key industrial sectors to strengthen their competitiveness (for instance automobile, construction, cosmetics) as well as proposals concerning the development of an information society.
- As regards environment, propose a new global approach of thematic strategies (air quality, sustainable handling and use of resources, urban and marine environment) as well as integrated solutions (including legislative proposals).

Security and Citizenship action includes surveillance of external frontiers and civil protection as well as the creation of a European space of security, freedom and justice (the Tampere Agenda). Actions with relevance for transport include.

- Improved maritime safety by surveillance of the prohibition to empty fuel tanks at sea. To this end a budget line of 2 million € is foreseen in 2005. A budget line of 1 million € in 2005 and 2 million € in 2006 is foreseen to a study of feasibility and to coordination measures between European coastguards.
- Propose legislation to create a community framework on the safety of the services provided to consumers.

External responsibilities, neighbourhood and partnership include development of the new neighbourhood strategy, as described above under 3.2.3 with regards to its eastern and Mediterranean neighbours, that are not in the pipeline for membership (with the exception of the states of the Western Balkans). Actions with relevance for transport include.

- An active neighbourhood policy, based on Action Plans as described in the abovementioned strategy. Develop a framework that makes exchanges and investments at regional level more fertile.
- Extend the internal market of transport and energy to Balkan and Mediterranean countries.
- Develop the four common spaces with Russia (economic space, space for freedom, safety and justice, space for cooperation in external security, space for research, education and culture)

The Commission intends pursuing the new integrated impact analysis procedure for assessing economic, environmental, social effects of all legislative proposals or preparation of legislative proposals that may have significant effects of those kinds or that are of major political significance.

5.3 The Commission 2005 Work Programme

The Commission 2005 work programme links up to the main priorities of the long term strategic programme. This means economic growth, ratification of the constitution, negotiation of the budget perspectives 2007 – 2013 and the proper functioning of the enlarged EU. Attention is also given to implementation, delivery and better regulation.

Reference is made to the fact that the work programme follows an inter-institutional dialogue with Council and Parliament.

Implementation of the Lisbon strategy, security and an ambitious neighbourhood policy are highlighted. Sustainable development and a good communication strategy are presented as overarching priorities. The following key actions are set out under the priority themes.

Prosperity

Lisbon strategy mid term review, review of the stability and growth pact, financing of infrastructure costs. Particularly highlighted among ongoing actions are the growth initiative and measures to develop private public partnerships.

Solidarity

In relation to the social dimension, cohesion policy, environment and safeguarding of natural resources, the launching of the emission trading scheme and of an EU maritime policy are particularly highlighted.

Security

Highlighted are the need for a coordinated response to security needs in a borderless Europe and the need to develop transport safety. As ongoing action, the fight against terrorism is highlighted.

External relations

The neighbourhood policy and the link to the budget perspectives are evoked.

Regarding the overarching issues of delivery and better regulation attention is given to subsidiarity, development of consultation routines and the importance of impact assessment of new proposals.

6. Overview over Themes and Concrete Proposals that May Appear on the EU Transport Agenda until 2009

Below follows an overview of themes and concrete proposals that may appear on the EU transport agenda during the time period covered by this study. For easy reading and accessibility a breakdown has been attempted according to policy themes. When appropriate, reference has been made to Commission or Presidency strategies. A division has furthermore been made between short term/immediate action covering essentially the period up till the end of 2005 and medium term action 2006 - 2009. In fact, beyond 2006/2007 only pretty general, thematic provisions can be made, except on a few points and, of course, except for implementation activities. Implementation is, of course a continuous activity. It has been specifically mentioned only in cases when it has been considered useful to draw specific attention to it.

6.1 Short Term / Immediate Action

6.1.1 Horizontal Issues

Services Provision – general

Proposals

Services Directive The proposal covers as such the transport sector, excepting matters covered by EC (secondary) legislation. The exact significance of this may not be entirely clear, and it might be worthwhile to follow the progress of this proposal in Parliament and in the Competition Council of ministers. A number of impact studies have been carried out and a lively debate is going on. For the moment the situation seems unclear as to future action.

Multimodal Transport

Proposals

Regulation succeeding the Marco Polo programme Regulation for the period 2007 – 2013 (Marco Polo II). This proposal was submitted in July 2004. It is intended to prolong the current Marco Polo programme which

expires in 2010 and ensure adequate resources for the coming budget period 2007 – 2013. Progress seems likely during the first half of 2005, except for financial aspects, which await agreement on budget perspectives 2007 – 2013..

Regulation on optimal intermodal loading units. The proposal was submitted in April 2003, with the 2003 communication on Short Sea Shipping. It seeks to simplify and harmonize rules on handling and checking of containers. A proposal to introduce a specific Community container has received a mixed reaction in Council, which has not discussed the file since the autumn of 2003. Parliament gave its opinion in the spring of 2004 and the Commission submitted an amended proposal 30 April 2004 accepting a lot of the amendments proposed by Parliament, except the suggestion to give primacy to ISO, I e international standards rather than European. The proposal remains on the agenda, but is not on the provisional Council agendas for the spring of 2005.

Security

Proposals

A communication on intermodal security is to be presented by the Commission in December 2005. The communication will also bring up the financial aspects of security.

A communication and proposal for a Directive on improved transport safety and security by creating a space for police and judicial co – operation for the TEN T. in relation to road, water and rail transport. The communication is expected for December 2005.

Focusing on safety and security is presented as part of the social agenda, to make Europe more visible to citizens.

Infrastructure

Proposals

Eurovignette Directive. This proposal is described below under the heading Land transport. It is mentioned here because of its close connections to the TEN T financing issues and the Growth Initiative.

A communication on infrastructure charging and on the method for taking into account the real costs of infrastructure utilization. The communication will be important for competition and infrastructure financing. It will be accompanied by legislative proposals on infrastructure charges for ports and airports. The communication is planned for June 2005.

Regulation on the budgetary resources for the implementation of TEN Guidelines for the period 2007 – 2013. The proposal aims at setting out the budgetary resources available for Community co – financing of TEN projects during the next budget period. The proposal will be the subject of activity during 2005 through 2006. The proposal was submitted in July 2004.

Financing regulation regarding the Galileo project for the period 2007 – 2013. The proposal was submitted in July 2004. The timeframe for processing it and its aims are similar to those of the TEN financing regulation. It may be noted that the Galileo system for satellite navigation is supposed to be commercially deployed as from 2008.

Communications

Private Public Partnerships a consultation paper has been published on this matter and a public consultation process carried out ending 30 July 2004. The main issue brought up in the Consultation Paper was the various options for procurement proceedings with respect to Private Public Partnerships. The paper raised the question of the different frameworks applicable to private law contracts, concessions and so called institutionalized partnerships, where basic principles of non discrimination and transparency apply but not the detailed provisions on public procurement under the relevant directives in this field. The Consultation Paper raised the question of the need for a specific framework for procurement in the context of private public partnerships. The paper also drew attention to the fact that private public partnerships occur not only regarding infrastructure financing and management, but also for instance in the context of public transport and public service in general. The Consultation Paper was published as a follow up on the Growth Initiative condoned by the European Council in December 2003, and to be revisited by the 2005 Spring European Council. Part of 2005 may be taken up by following up the outcome of the consultation.

The Growth Initiative was approved by the December 2003. It aims at creating a favourable climate for growth, as described above. It focuses on encouraging investment in TET T, including the Galileo project, in Research and Development and in creating a context favourable to expansion. As regards the TEN T the Growth Initiative particularly wanted to focus on a quick start programme and give particularly favourable treatment to a number of particularly mature priority projects of European interest, considered ready for a start from immediately to the next three years. The outcome of discussions between Parliament and Council on the revised TEN T guidelines deprived the quick start programme of any particular formal status but recognized that proposals might be made. Apart from that, the Growth Initiative wanted to boost TEN T investment by encouraging public private partnerships, providing special guarantee mechanisms for investment in TEN T and provide specific credits through the European Investment Bank Group. The above communication on Private Public Partnerships is part of the Growth Initiative and a further communication with a proposal for a specific credit guarantee instrument for investments in TEN T is foreseen and may be published in the autumn of 2004 or in 2005. The European Spring Council 2005 will

revert to the progress of the Growth Initiative. The Growth Initiative will remain on the agenda until 2010.

Communication and proposal for a specific guarantee instrument for TEN T investments. See above under the Growth Initiative.

Implementation

TEN T The implementation of the revised TEN T Guidelines will now begin. A number of implementation issues of varying significance and interest will arise. Attention should at this stage be drawn to the following points.

- The impact and use made of the possibilities/obligation of cross border cooperation in planning, assessment of environmental impact as regards crossborder projects.
- The use made of and the impact of the new independent project coordinator function created by the Guidelines
- The implementation and impact of the Motorways of the Seas project. A first call to submit projects is expected early 2005.
- The coordination/intersection TEN T funding, Regional policy programmes and neighbourhood policy. Guidelines from the Commission may be planned as regards coordination TEN T/Regional policy funding to avoid overlapping.
- The Commission plans to designate six coordinators for TEN T links or transborder projects, in accordance with the TEN T guidelines. The persons selected will be on the level of former ministers or former commissioners.

Public Service

A White Paper was published by the Commission in May 2004. The white paper addresses all kinds of services of general interest. It rejects the idea of a general framework as regards the possibility to make exemptions from general market principles and the framework ruling the internal market, but proposes that this question should be assessed when the new European Constitution comes into force. During the period 2005 – 2009 it proposes a series of sectoral assessments. As for transport, the White paper largely refers to the abovementioned Altmark Judgment and the proposal for a new regulation on Public Transport Contracts in land transport, mentioned above. A proposed amendment regarding state aid to public service sea transport of no more than 100 000 passengers a year should not be enacted before 2005.

Users Rights

Communication on passenger rights and legislative proposals. A communication was adopted on 26 February 2005, asking parliament and the council of ministers rapidly to pursue work on the proposal on the rights

of rail passengers already before them and on the two proposals attached to the communication. These proposals concern the right of air passengers to know the identity of the carrier and rights of air passengers with reduced mobility. The emphasis now put on passenger rights is one way to improve the visibility of Europe in the eyes of the public.

New Neighborhood Strategy and Relations to Russia

Action plans have been negotiated in the autumn of 2004. Work on the proposal for a new neighbourhood instrument may start in the context of preparations for the next budget period 2007 – 2013. As regards action plans the development could be similar as regards Ukraine and Russia, although the situation of the latter is specific since it is one of the strategic partners of the EU and in view of the far reaching aims and dense institutional framework to be developed, as accounted for under 3.2. 3 above. The agreed action plan regarding Ukraine was agreed in February 2005 and an agreement with Russia is planned for the EU – Russia spring summit 2005.

A high level group for infrastructure links to the new neighbours will be designated in the autumn of 2004. It is intended to work in a way similar to that of the van Miert Group on TEN T. The remit of this group could go beyond mere infrastructural matters. Its work should be of high importance to the countries around the Baltic. The Group is to present its results in the autumn 2005. The outcome will be followed up by the Commission in a communication planned for December 2005.

General Strategies

It should be recalled that review of the following horizontal strategies will take place during 2005.

- The Lisbon Strategy will be reviewed at the Spring European Council in March.
- An assessment of the Strategy for sustainable development will take place in 2004. A communication in this regard is planned for June or September..
- A communication on a strategy for urban environment will be adopted by the Commission in December 2005. The strategy will inter alia focus on the development of sustainable urban transport.

6.1.2 Specific Transport Modes

Railway Transport

Proposals

Third Railway Package

1. Directive on market access to international passenger traffic
2. Regulation on international passenger rights and obligations
3. Regulation on quality obligations in railway freight
4. Directive on a European Train Driver's license

Only proposals 3 and 4 were dealt with by the Dutch presidency, in the autumn of 2004 and a general approach on proposal 4 was agreed pending a first reading in parliament with a view to a second reading during 2005. The proposals on market opening in international passenger traffic, on international passengers' rights and obligations and on quality obligations in railway freight are to be dealt with by the Luxemburg and UK presidencies. Luxemburg plans to bring the passenger rights and freight quality proposal forward to common positions during the first half of 2005. It remains an open issue if the package is to be kept together.

Amended proposal for a Regulation concerning public service requirements and the award of Public Service Contracts in passenger transport by Rail, Road and Inland Waterway. The original proposal is before Council and Parliament since 2000. There is a First Reading opinion by Parliament with numerous amendments particularly on the extent of the public procurement obligation, a first amended proposal from the Commission but no Common Position by Council. Following the Judgment of the Court of Justice in the Altmark case, dealing with state aid rules and financing of deficit in public transport the Commission intends to put forward a new amended and simplified proposal. That proposal is now expected during the first half of 2005.. It intends to bring pressure on Member States by very strict application of state aid rules if the amended proposal is not accepted. (Reference may in this context be made to the Commission White Paper on Public Service (services of general interest), published in June 2004, accounted for above, and the Green Paper on Private Public Partnerships, also accounted for above, which raises issues relating to the principles for public procurement. The Luxemburg and UK presidencies have declared that they intend to bring the proposal forward.

A Communication from the Commission is to be expected in June 2005 regarding the deployment of the European Rail Traffic Management System (ERTMS) which is considered highly instrumental to the implementation of rail interoperability. Apart from the interoperability aspect, the industrial dimension of this enterprise is considerable, with an esti-

mated market of 15 milliards € on the 2010 horizon and 30 milliards € on the 2020 horizon.

State aid guidelines for the railway sector to improve transparency and in particular prevent reconstitution of monopolistic situations are scheduled for adoption by the Commission in December 2005.

Implementation issues regarding the first and second railway packages remain on the agenda as regards market opening, technical harmonization, safety and interoperability.

The first railway package should have been transposed into national law on 15 March 2003. This was not done in all member states, and a number of infringement proceedings have been started by the Commission. The Commission attaches great importance to the monitoring of the implementation of this package.

The second railway package was approved after conciliation in April 2004. The Railway Agency created by the package as a support function for the Commission and Member states to achieve safety, technical harmonization and interoperability started functioning in July.

A Railway Committee with delegates from Member States and the Commission with subgroups has important functions in the implementation of both packages. Stakeholders participate in a Market Observatory and working parties for the implementation of the new approach technical directives.

Road Transport

Proposals

Directive on Driving Licenses. The proposal establishes conditions for renewal of driving licenses, in particular medical check – ups of professional drivers, in order to improve safety. The proposal is still pending. A general approach has been agreed in Council and a first reading has taken place in parliament.

Decision on a mandate to negotiate the accession to UNECE as regards the framework for checking of motor vehicles. Planned proposal, not yet submitted. (Not to be decided by co-decision, status of parliament only consultative.)

Directive amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures. Proposal transferred from 2003, debated in Council of ministers March, April and October 2004, first reading Parliament opinion ready. Political agreement on a common position now planned for 21 April 2005. The Commission proposal authorizes cross financing and foresees that the revenues from road tolls and user charges are to be used for infrastructure financing. This is one of the main stumbling blocks regarding this proposal in Council and in Parliament. Should the proposal advance further, it is considered as a probable subject for conciliation Council – Parliament.

The proposal is also considered as being closely linked to TEN T financing and to the Growth Initiative. It is also linked to the strategy for sustainable development and to the Commission's Environment Action Programme, since it contains certain elements reflecting the polluter pays principle and internalization of external costs.

It is recalled that a Commission communication on the general principles for infrastructure charging with legislative proposals concerning ports and airports is planned for June 2005.

Amended proposal for a Regulation concerning public service requirements and the award of Public Service Contracts in passenger transport by Rail, Road and Inland Waterway. The original proposal is before Council and Parliament since 2000. There is a First Reading opinion by Parliament with numerous amendments particularly on the extent of the public procurement obligation, a first amended proposal from the Commission but no Common Position by Council. Following the Judgment of the Court of Justice in the Altmark case, dealing with state aid rules and financing of deficit in public transport the Commission intends to put forward a new amended and simplified proposal. That proposal is now expected during the first half of 2005. It intends to bring pressure on Member States by very strict application of state aid rules if the amended proposal is not accepted. (Reference may in this context be made to the Commission White Paper on Public Service (services of general interest), published in June 2004, accounted for below, and the Green Paper on Private Public Partnerships, also accounted for below, which raises issues relating to the principles for public procurement. Parliament clearly wants to see progress on this proposal.

A proposal for a directive regarding measures against air pollution by motor vehicles and abolishing directive 70/220 EC (including the introduction of Euro V emission class vehicles, i.e. lighter duty vehicles) and to define technical criteria for hybrid vehicles and regenerating filters. The planned proposal is considered very important by the Commission, both for the internal market (automotive industry) and for environmental purposes. The proposal is planned for September 2005.

A communication concerning the prospects of inland navigation is planned for December 2005.v

Implementation issues

Directive introducing a European Road Toll Service (2004/52). The Directive is the framework for the creation of a European Road Toll Service. Definition of the components is to be done up till 1 July 2006. The service will apply to lorries as of 1 July 2009 and to other vehicles as of 1 January 2011. The components of the system will be both technical and contractual and ultimately make possible a one stop shop payment of all road tolls pertaining to roads coming under the system. The service will

be put into place by means of decisions according to comittology procedures.

Road Safety

Commission Road Safety Action Programme (COM (2003)311 of 2 June 2003, Recommendation 21 October 2003 on enforcement in the field of Road Safety and Commission Communication in relation thereto (2004/C 93/04) and the Commission Recommendation of 6 April 2004 on enforcement In the field of Road Safety (2004/35/EC) which focus on improved surveillance and enforcement as a means to reduce traffic accidents. A Code of Conduct was signed by a number of stakeholders in April 2004. Road safety was also discussed at a ministerial meeting in Verona in October 2004 and conclusions were formulated by the Council of Ministers in December 2004. The conclusions confirmed the aim of a 50 % reduction of road accidents by 2010 and reflected agreement to focus improved enforcement and dissemination of best practices, improved vehicle safety and improved safety on European roads (for instance by defining dangerous roads and developing various bench – marking practices to eliminate risks) and defining processes and programmes to finance road safety improvements. A mid term communication, possibly accompanied by proposals, is planned for June 2005.

A Directive proposal setting out minimum requirements for safety systems on new and existing roads part of TEN T is planned for June 2005.

Directive on safety in tunnels part of the TEN T network was adopted in April 2004. It sets out a number of technical criteria, and imposes a certain number of notification/reporting duties and an obligation to create safety systems for tunnels. The directive is to be implemented no later than end of April 2006.

A proposal concerning the rights of autocar passengers with reduced mobility is planned for December 2005.

Maritime Transport

Proposals

Regulation on the implementation of the International Safety Management Code (ISM Code) within the Community. The proposal concerns implementation within the EU of an IMO instrument. The proposal was submitted to Council and Parliament in December 2003. The December 2004 Council of Ministers reached political agreement on a common position. A second reading in parliament seems to be planned early autumn 2005.

Directive on the recognition of seafarer's certificates issued by Member States. The proposal was presented to Council and parliament in April 2004. Agreement on a general orientation was reached in the Council of Ministers in December 2004.

Directive enhancing port security. The proposal is a follow – up of the Regulation on ship and port facility security, already adopted. The proposed directive covers certain points not covered by the regulation and contains certain safety provisions for ports not covered by the regulation. The directive adds no further substantive obligations in areas already covered by the regulation. Parliament may deliver its first opinion in April 2005.

Directive on ship source pollution and sanctions on pollution offences. A common position was adopted in October 2004. The proposal has now gone back to Parliament for a second reading. It may be finally adopted during the first semester 2005.

Directive on port services. An earlier proposal on the same subject failed since the Parliament refused to approve a conciliation agreement, mainly over questions relating to self handling. The Commissioner has now undertaken to submit a new proposal which is said to focus more on questions of infrastructure financing. The handling issue will again be raised in the forthcoming proposal. Self handling will be authorized, but restricted to cabotage and Sea Motorways. A new proposal was presented in the autumn of 2004. It will be dealt with by the Luxembourg and UK presidencies and appears on the agenda for the June 2005 Council of Ministers. Linked to the issue of competition between ports are the guidelines for state aid to ports, now planned for June 2005 and at least in part implementing the “Charleroi” principles on state aid to support starting activities.

The Erika III Package on maritime safety will be the third set of measures taken as a consequence of the Erika and Prestige accidents to enhance maritime safety, preparedness to prevent pollution following such accident and enforcement of responsibility. The package has been delayed, and is now foreseen for June 2005. It will comprise the following items.

- Revision of the Port State Control Directive
- Banishing of flags of complaisance
- Civil responsibility provisions
- Provisions on a Coast Guard function
- Revision of the Directive (part of the Erika II regulatory package) on follow up of ships to establish technical bases for information handling

Decision on the accession by the European Community to the 2002 Protocol on liability of sea carriers for passengers and luggage. By Community accession to the above protocol to the 1974 Athens Convention relating to the carriage of passengers and their luggage by sea (“the Athens Protocol”) and obliging Member States to do likewise before the end of 2005 a set of common rules on responsibility and compensation would

be created instead of the current situation, where the legal situation varies considerably between Member States. The proposal was submitted in June 2003 and no decision has been taken in Council and no opinion has been approved by parliament.

Communications

Communication on Short Sea Shipping, presented beginning July 2004, as a follow up on a similar Communication 2003. The Communication contains an enumeration of various programmes and measures intended to support short sea shipping, such as facilitation, the Marco Polo Programme, Motorways of the Sea. The European Parliament is in the process of preparing an own initiative opinion. It may be adopted by April 2005.

Implementation

Authorization March 2004 of ratification by Member States of 2003 IMO protocol to the 1992 Convention on an International Pollution Fund, if possible before 30 June 2004. Ratification will mean withdrawal of a proposal for a similar Community Fund, part of the Erika II package.

Following a public consultation procedure as to the implementation criteria, a first invitation to submit Motorways of the Sea projects may be expected early spring 2005.

Civil Aviation

Proposals

Amended proposal for a Regulation amending Regulation 3922/91 on the harmonization of technical requirements and administrative procedures in the field of Civil Aviation (EU – OPS) The proposal also includes safety requirements regarding cabin crew. The proposal was originally put forward in 2000. Partial political agreement was reached in December 2004, as regards the general framework, provisions on cabin crew and flight time limitation. The remainder of the proposal is to be reviewed by the Commission.

Measures to implement the single sky package. The following listing may be made at this point in time.

- Directive on the licensing of air traffic control personnel and mobility of such personnel
- A general approach for a common position was agreed in December 2004 pending first reading in parliament. A common position may be adopted in the June 2005 Council.
- Communication and proposal for a Regulation extending the competence of European Aviation Safety Agency (EASA) to encompass ATM, flight operations, airports, personnel licensing. Proposal to be adopted by the Commission in June 2005.

- Following the adoption of the four framework regulations on the Single Sky in 2004 (The framework regulation, 542/2004, the regulation on air navigation services provision (550/2004, the regulation on the organization of airspace in the Single European sky 551/2004 and the Regulation on the interoperability of the European ATM network 552/2004, more detailed implementation rules will now be adopted by the Commission. with the support of the Single Sky Committee. The implementation largely takes place within the Single European Sky Implementation Programme (SESAME). This programme implies considerable involvement, also financially, from member states. It is also industrially significant. This has been held to require a dedicated structure in the form of a “common enterprise” of the same kind that manages the Galileo project. A proposal to that effect will be presented in December 2006. The industrial programme will start in 2006.

Negotiation mandates with third countries, in particular new neighbours (Russia, Ukraine) within the framework of the so called aviation policy toward New Neighbours but also toward other third countries. Issue on-going into medium time perspective.

Revision of Regulation 2259/1989 on computerized reservation systems, foreseen for December 2005

Reference is also made to the abovementioned two proposals regarding passenger rights submitted in February 2005. The proposals that concern the right of a passenger to know the identity of the carrier and the rights of passengers with reduced mobility is now foreseen to come up in the April and June 2005 Transport Councils for general orientation and political agreement, respectively.

A proposal for amendments for the directive on groundhandling is planned for March 2005. A general orientation is planned for the transport council in June 2005.

Reference is also made to the communication with attached proposals for infrastructure charging i. a. regarding airports, to be presented in June 2005.

A proposal introducing a commercial mechanism for trading in slots at airports is scheduled for September 2005.

A number of proposals related to the revision of the third aviation package may be presented in October 2005.

Decision on a mandate to negotiate the accession of EC to ICAO The proposal was submitted in 2002 as a consequence of the “Open Skies” judgments handed down by the Court of Justice against eight Member States concerning Community competence in relation to third countries and international organizations. Parliament has only a consultative status in this matter.

Communications

Communication with amendments to the state aid guidelines regarding Civil Aviation. This study is intended to adapt the state aid regulatory framework to the general evolution of the Civil Aviation sector to ensure a sustainable development in both the aviation and the airports sector. This initiative should be seen in the context of the planned communication on airport capacity and the forthcoming review of the third Civil Aviation Regulatory package, both originally moved from the 2003 working programme to 2004 and now again delayed and currently planned for 2005. The state aid communication is now planned for April 2005, following a public consultation procedure which ended on 7 February 2005.

A communication on a strategy to limit the environmental impact of civil aviation is planned for July 2005. It is believed that this communication will suggest the option of an emission trading system for the aviation sector.

A communication on airport capacity is planned for October 2005.

Implementation

Implementation of Regulation 2320/2002 on Civil Aviation security including amendment 894/2004 concerning demarcated areas for general aviation. Of particular interest are the activities of the Regulatory Committee on Civil Aviation security. Reference may also be made to the Commission regulation 1 July 2004 on restricted airport areas. A communication on options for certain improvements relating to inter alia third country traffic is planned for September 2005.

6.2 Medium Term Perspective (2006-2009 inclusive)

6.2.1 The Commission 2006 Annual Political Strategy

The strategy implements the multiannual strategic programme 2005 – 2010. The four thematic objectives headed in that programme are maintained.

The strategy focuses on the good functioning of the enlarged EU.

Regarding Prosperity, the intention to pursue the Lisbon strategy and report to the 2006 Spring European Council is set out. Specific mention is made of the automotive industry and of the ERMTS and SESAME projects mentioned above.

Under Solidarity mention is made of the need to develop emission trading and the complete mid term review of the sixth environment action programme.

As regards Security, specific mention is made of transport safety and the need to develop security in ports and airports. New proposals are announced to improve maritime safety.

Regarding External Action, the ongoing enlargement process and development of neighbourhood policy are mentioned, as regards the latter particularly in relation to Russia. The need for further air service agreements and security arrangements with third countries is also mentioned.

The detailed Commission work programme for 2006 will be established in October 2005.

6.2.2 Horizontal Issues

Multimodal Transport

- Implementation of the Marco Polo programme will continue for the entire period. The decision making (2005 – 2006) then the implementation procedure for the Marco Polo II framework will be going on.
- The Short Sea Shipping Programme and the Motorways of the sea will continue.
- *A Communication on an action plan to improve the performance, efficiency and customs orientation of freight integration services relying on intermodal transport throughout the European Union.* The idea is to develop a mode neutral freight organizer function. A public consultation on the subject was organized at the beginning of 2004. This communication was originally on the working programme for 2003 but has been delayed. Preparatory work is ongoing.

Infrastructure

TEN T implementation activities will continue, regarding the issues indicated in the preceding section. TEN T implementation will also remain related to the implementation of the Growth Initiative, to be followed up at the spring summit of 2006. Related are also possible follow up measures in relation to the Consultation papers on Private Public Partnerships.

A proposal for a specific guarantee instrument for investment in TEN T is likely in 2005 -2006.

Decision making regarding the proposal for a Regulation on TEN T financing for the budget period 2007 – 2013 will continue through 2006.

Guidelines regarding the interlinking TEN T financing, Regional funds financing may be issued by the Commission.

The Commission wants to see at least ten TEN T projects completed or well under way by 2010. Among those specifically mentioned are the Motorway Gdansk – Ljubljana, Rail Baltica, Baltic Sea Motorway, Atlantic Arc Sea Motorway, the Brenner Tunnel.

An initiative by the Commission to set up a TEN Agency seems likely as may be further initiatives to develop the coordinator function.

Infrastructure Charging

This is one of the key elements of the transport policy outlined in the white paper, both for the purpose of financing of infrastructure, to prevent abusive or discriminatory pricing and to serve as a means to achieve the aim of sustainable development by application of the polluter pays principle and steer traffic flows by internalization of external costs. So far little has been achieved. The question remains on the table, however, and various stakeholders push for introduction of a framework covering all modes of transport. Aims differ widely, however, and the question remains difficult and politically sensitive. It now remains to be seen what will be the result of the deliberations on the Eurovignette Directive and the Communication with general principles announced by the Commission for June 2005, with its attached proposals.

Galileo

Implementation will continue, including commercial deployment from 2008.

The decision making procedure regarding the proposal for a regulation concerning continued financing of the project during the budget period 2007 – 2013 will continue through 2006.

Security

A proposal may be submitted for a solidarity fund to handle damages ensuing from terrorist action.

New Neighbourhood Strategy and Relations to Russia

Main features of the period will be:

- Implementation of the Action Plans elaborated under 3.2. 3 above and the new framework regarding Russia.
- Elaboration of the New Neighbourhood Instrument for the budget period 2007 – 2013.
- Follow-up of the report of the high level groups and adequate follow up of proposals made, possibly in the ensuing Commission communication.

General Transport Policy

General Strategies

- Follow-up of the mid term assessment of the Lisbon Strategy at the European Spring Council 2006.
- Mid term assessment of the Environment Action plan, in 2006.

- New multiannual Presidency Programme 2007 – 2009 (if not included in a possible acceptance by the Council of the Commission 2005 – 2010 strategic programme).
- Development of the strategy for simplified regulation
- Possible focus on social dimension (public service, passenger rights, safety, security) to improve the visibility of the European Union among the general public.

6.2.3 *Specific Transport Modes*

Railway Transport

The three following themes may be on the agenda

- Continuation of the decision making process concerning the third railway package as regard second reading for the two items brought up and starting on the two remaining points (international passenger traffic, international passenger rights and obligations). The way forward will depend a lot on the priorities of the new Commission.
- The remaining sector not opened to market competition is national passenger traffic. It depends on the new Commission what priority will be put upon this issue.
- Public Service Requirements Regulation proposal. If the question advances, it is considered that this proposal will be a likely subject for a conciliation procedure between Council and Parliament.
- Overriding aim – revitalize rail to achieve the modal shift sought in accordance with the White Paper.

Road Transport

Proposals

- Driving licenses Directive proposal. The decision making procedure should continue and come to an end during 2005 or 2006.
- UNECE accession to instrument on inspections should be terminated 2005 – 2006
- The road charging Directive proposal, if continued, is deemed likely to lead to a conciliation procedure during 2005 or 2006.
- European Road Toll Service Directive. The implementation procedure will go on in a first step at least until June 2006, putting the components into place. The second phase application will be in place 2009 for heavy goods vehicles and 2011 for all vehicles.
- Possibility of general introduction of a universal embarked system, for road charging, traffic management etc. Such an option has links to Galileo, safety, security.

- Public Service Requirements Regulation proposal. If the question advances, it is considered that this proposal will be a likely subject for a conciliation procedure between Council and Parliament, possibly during 2005 - 2006.
- Communication and Directive proposal to favour proper and energetically efficient vehicles. The Communication intends to make possible taking environmental criteria into account for public sector acquisition of vehicles. The initiative is planned for 2005. Decision making and implementation may span over the entire period.
- There may be further initiatives to favour use of clean vehicles.
- Continued efforts under the road traffic safety action programme to increase controls and harmonise sanctions in road traffic.
- Directive proposal for national identification and information management systems concerning accident black spots, safety audits and standards of information to drivers on the TEN T links. Decision making and implementation could span over the entire period.

Maritime Transport

Proposals

- Continuation of the decision making process on the Erika III package
- Consultation and proposals to formulate and introduce a European Maritime Policy. This may include pollution prevention and the creation of a European Coast Guard
- Port security, possibly continued decision making; implementation
- Port Services liberalization proposal (new). Possibly continued decision making procedure, through 2005 and beyond.
- Short Sea Shipping Action plan, Motorways of the sea Continued implementation through the period. NB that the Motorways of the Sea may be implemented in various ways. In the Baltic, structural measures have been envisaged, whereas in the Atlantic and in the Mediterranean the aim to circumvent natural obstacles (the Alps, the Pyrenees).
- Membership negotiations – accession IMO
- ILO – instruments on living and working conditions of seafarers. Accession/implementation by the EU envisaged through EU legislation. Commission action in this sense to be expected for June 2005.

6.2.4 Civil Aviation

- Continued measures to implement the single sky package. Implementing proposals in part not earlier than 2005. This concerns in particular Regulation extending the competence of European Aviation

Safety Agency (EASA) to encompass ATM, flight operations, airports, personnel licensing And implementation of SESAME.

- Follow-up of 2005 assessment and possible revision proposals regarding the third aviation package
- Continuation of development of neighbourhood contacts and integration of neighbours in the EU internal Civil Aviation market.
- Consideration by Council/Parliament of the proposal for amendments to the Groundhandling Directive – the process may continue through 2005 – 2006.
- Approval of negotiation mandate and access negotiation ICAO 2006 and beyond.
- Communication on the rights of transport users, foreseen for September 2004. Decision making procedures in Council and Parliament 2005 – 2006 regarding legislative proposals.
- Security issues. Activity of the Civil Aviation Security Committee for implementation purposes. Possible revision of regulation 2320/2002 on civil aviation security possibly on the horizon of 2005. In this context, a study on best practices in security matters is being commissioned.
- Question relating to noise. A revision of Directive 2002/49 on assessment and management of environmental noise may be proposed under the responsibility of DG ENVIRONMENT, no later than July 2006. Likewise, a horizontal strategy to reduce noise emissions may generate proposals.

In the Civil Aviation (airports) sector, a revision of Directive 2002/30 on noise related operating restrictions on Community Airports may be expected by 2007.

- There are plans within the Commission to bring up again plans for the taxation of Kerosene on internal Community flights and to propose legislation to that effect.

7. Specific Points for Assessment of Further Action

7.1. Basis for Cooperation in the Baltic Sea Region

When selecting subjects suitable for coordination, cooperation or exchange of views between the Member States of the Nordic Council alone or with the Member States of the Council of Baltic Sea States, the following tendencies could be kept in mind.

- The issues of infrastructure charging, infrastructure financing and state aid

Peripheral countries and/or countries with long internal distances and sparse population could have specific interests in common to ensure a level playing field for their actors on the market.

Enlargement

Implementation of enlargement including updating of legislation, equipment and infrastructure to get a level playing field in all transport sectors, particularly road and maritime transport. This raises the question of monitoring of EU social legislation in the transport sector (on working hours, for instance) and the question of outsourcing caused by differences in cost levels and possible action.

Multimodal transport chains/logistics

Development in the Baltic Sea region partly with the aid, also financially, of programmes such as TEN T, (motorways of the sea), the Marco Polo Programme and the programme to develop a coordination function (“freight integrator”) for multimodal transport.

Related to these questions is the matter of suitable modules (containers and swap bodies) and weights and dimensions of heavy goods vehicles.

Crossborder projects

A number of such projects exist or are planned in the region, not only at state level but also at regional, subregional and local level. They concern a number of issues from infrastructure to transport services. Financing sources and programming contexts vary, for example TEN T, regional funds to Marco Polo, public and private funding.

The question of adequate geographical balance when coordinators for TEN projects are designated could be a significant element.

European Maritime Space

In view of the role of maritime transport in the Baltic and the dynamic expansion of sea transport in the region, this item could be important.

Neighbourhood policy

- *Relations with Russia.* The transport dialogue with Russia is part of the development of the economic space under the Partnership and Cooperation Agreement (PCA) between EU and Russia. It concerns all transport sectors. Its future framework will be provided by the action plan to be agreed in the spring of 2005 and the resources available under the new Neighbourhood Instrument for the period 2007 – 2013.

A general aim is compatibility of Russian legislation with the EU framework in all transport modes, including issues such as market access (including dismantling of monopolies, for instance in the railway sector), safety, security and environmental standards, particularly in relation to maritime transport and civil aviation as regards Russia. The dynamic expansion of maritime transport, and in particular tanker transport, in the Baltic Sea makes maritime security and maritime environment particularly urgent. In civil aviation ATC matters could be included, raising the question of relations between Russia and EUROCONTROL.

Linking up Russia by adequate infrastructural links and facilitation to shorten waiting time at border crossings are urgent topics. Transit matters are particularly important with respect to the Kaliningrad Oblast.

- *Relations with Ukraine.* The issues now raised with respect to Russia could also concern Ukraine. Judging from current programmes, attention in relation to Ukraine is currently mainly fixed on infrastructure, road transport, small border traffic and civil aviation, particularly ATM. A new dimension may be added if prospects for accession negotiations were to become operationally relevant.
- *General measures, available resources* The Neighbourhood Instrument is intended to furnish a single frame for action to replace for instance Phare and TACIS programmes. Coordination/overlap issues could still remain with respect to for instance TEN – T resources and regional funds. Examples of this could occur for instance the Nordic Dimension and various regional policy programmes. A high level group will start working in the autumn of 2004 on the definition of links between EU and its neighbours and other neighbour related transport issues.

- *Norway and Iceland.* In their capacity as members of the EEA, Norway and Iceland take over internal market related, i.e. mainly first pillar EU legislation, with appropriate adaptations, through the EEA institutional machinery. It may be useful to consider opportunities for common action by the Nordic Council and, as appropriate Member States of the Baltic Sea States Council to resolve practical and formal problems.

7.2. Scope for Future Cooperation in the Baltic Sea Region

The situation outlined above raises a number of challenges where Nordic Council action in the transport sector could serve common Nordic interests by coordinating positions and play an enhanced part in various contexts in the Baltic Sea Region both regionally and at EU level. Obviously, one of the main partners for such action is the Council of the Baltic Sea States.

Such coordination could occur wherever common interests exist and a common approach can be defined. The Nordic Council could be a natural core group to select subjects for discussion in a wider context, such as the CBSS. The transport sector of the Baltic Sea Region could gain form such a transport policy coordination.

At this moment, the following issues seem particularly suitable for consultation/cooperation of this kind between the Baltic Sea States

Infrastructure

- *TEN T guidelines and financing regulation; multimodal transport corridors* Projects in the Baltic Sea area between the states concerned and beyond. Implementation of the notion of “project of European interest” as a basis for priority, implementation of the motorways of the sea priority project in the Baltic; use of the project coordinator function and of the transborder cooperation openings provided by the TEN T guidelines; monitor multimodal transport projects, also outside TEN T.

Financing issues including question of future budget resources and financing possibilities from international financial institutions and private capital.

- *High Level Group on infrastructure links with EU neighbours and other transport issues agreed at Santiago de Compostela.* Monitor and influence the activities and outcome of the high level group, including financing issues, as well as the follow up by the Commission.

Reasons

Configuration of infrastructure links/transport corridors in the Baltic Sea Region is a necessary basis for integration and should be a matter of common interest for the states concerned by such links. Exchange of views and, whenever possible, transnational coordination of configuration and priorities is in line with the spirit of the guidelines. The use of the TEN coordinator function could be monitored to ensure geographical balance. The projects, corridors and financing solutions for the linkup of new neighbours to be discussed/suggested by the High Level Group should dovetail with the TEN T. The group may also address other neighbour related transport issues.

Market, operation and sustainability

- *Multimodal Corridors/Logistics.* Definition of such corridors and projects are of relevance for the configuration and ease of transport flow. They are linked to infrastructure issues (TEN – T), to facilitation issues, to safety and security and to technical questions, such as the configuration of containers, swap – bodies and possibly the weights and dimensions of heavy goods lorries.
- *Rail Transport.* Processing of current proposals and implementation of the adopted rail packages.
- *Maritime Transport.* Monitoring of proposals relating to, in particular maritime safety, security and social conditions as well as harbour regulation, in particular market opening for self handling, charges and level playing field.
- *Road Transport.* Particularly social/safety regulation, including monitoring of the implementation of existing legislation and problem definition with a view to the future, particularly in the context of enlargement implementation and the transport dialogue with Russia and Ukraine.
- *Infrastructure pricing and implementation conditions of the European Road Charging Service.* The geographical situation, comparatively large surfaces and sparse population of most countries in the region could form a basis for common interests and common approaches. According to the Commission programmes several sectors could now become concerned. As regards for instance certain airports and possibly certain ports, the link to questions of state aid and public service could be particularly relevant.
- *Deployment of Galileo satellite navigation system.* The development of on board units for vehicles is both an operational and industrial matter.
- *Environmental issues.* Criteria regarding fuel and taxation of fuel, possible proposals regarding trade in emission rights.
- Facilitation issues and customs procedures.

Reasons

The items have been selected because they seem to be of interest from a Baltic State viewpoint or because they are relevant for EU neighbourhood relations.

Rail has a key role in the EU transport policy and in the TEN T guidelines. It is an important part of the EU transport dialogue with Ukraine and Russia.

Maritime transport holds a high priority on the EU transport policy agenda (for example the TEN T Motorways of the Sea project already mentioned and the importance attached to the development of short sea shipping) and is expanding dramatically in the Baltic. Safety and security are important also because of the increased tanker traffic in the Baltic. The social conditions of seafarers are a high priority issue in the EU and will remain high on the EU agenda. Implementation issues may arise in the context of enlargement implementation and in relation to neighbours (cf road transport), also to ensure equal conditions of competition (level playing field).

Harbour regulation clearly relates to the working conditions of maritime transport and the functioning of multimodal transport corridors in and outside TEN T. The issues raised are also important for the competition conditions of harbours.

Road transport. Monitoring of the implementation of social and safety legislation and problem definition is important to ensure a level playing field when the transport market expands as a consequence of enlargement both in relation to new member states and in the transport dialogue with Russia and Ukraine.

Infrastructure pricing. Low population density, long distances, big areas with sparse traffic, high transport costs to reach markets in central Europe, practical and financial problems in introducing fine tuned systems are conditions that recur in the Baltic Sea States. They are relevant both for infrastructure pricing as such and for the coming application criteria for the already decided European Road Charging Service, which are to be elaborated during the years up to 2006.

Galileo deployment is linked to the configuration of road charging systems, but also to navigation and safety. EU has concluded a cooperation agreement with Ukraine and negotiations with Russia are under way.

Environmental issues. Solutions proposed often have an impact on the transport sector, such as rules on fuel quality and fuel taxation.

Facilitation and customs procedures are important to the good functioning of transnational transport corridors, in particular as regards border crossings to neighbouring states.

Transport Dialogue with neighbours

- A coordinating function in the transport dialogues with Russia and Ukraine, to help create a flexible and constructive exchange of views in that dialogue

The transport dialogue EU – neighbouring states aims at achieving optimal coexistence and/or integration of markets. Discussion of common problems in a regional context can improve their visibility and thereby ensure that they are taken into account at EU level, since the institutions implementing the PAC agreements are composed on the troika principle. This means that the EU is represented by the Presidency and the Commission. N B that the high level group mentioned under infrastructure may also discuss market related issues.

Coming Presidencies. Clearly coming EU presidencies among states in the region provide an opportunity to put an emphasis on certain questions. The most immediate example of this is the upcoming Finnish presidency in the autumn of 2006 where particular emphasis will be put on logistics.

8. Milestones for Review of This Study

Suitable milestones for a review of this study may be the following. Relevant new facts are indicated under each milestone.

2006

Commission 2006 work programme adopted late 2006.

Half time assessment of the Lisbon Strategy and of the Strategy for Sustainable Mobility (2005 European Spring Council and first follow up at 2006 Spring Council)

Half time assessment of the White Paper on transport policy and possible follow up.

Half time assessment of sixth environmental programme in 2006.

Results from the High Level Group on infrastructure links to Russia and Ukraine and follow up by the Commission late 2005.

Possible acceptance (with amendments?) during 2005 by Council and Parliament of the 2005 – 2010 Strategy adopted by the Commission, or a new multiannual presidency strategy for 2007 – 2009, possibly late 2006. Possibly the routine of yearly presidency programmes will continue.

Financial frameworks clear and coming into place late 2005 – 2006, which immediately concerns possibilities for a number of programmes.

The conclusion of the above could motivate an update of this document at an appropriate moment in 2006.

If further – for instance yearly updates should take place is a matter of the operational value of a document of this kind.