European Economic and Social Committee

TEN/148
General rules for granting Community financial aid/eTEN

Brussels, 16 July 2003

OPINION

of the European Economic and Social Committee

on the

Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No. 2236/95/EC laying down general rules for the granting of Community financial aid in the field of trans-European networks

COM(2003) 220 final – 2003/0086 (COD)

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On 20 May 2003 the Council decided to consult the European Economic and Social Committee, under Article … of the Treaty establishing the European Community, on the

> *Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No. 2236/95/EC laying down general rules for the granting of Community financial aid in the field of trans-European networks*
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The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 26 June 2003. The rapporteur was **Mr Simons.**

At its 401st plenary session (meeting of 16 July 2003), the Committee adopted the following opinion unanimously.

1. Introduction

eTEN is at the heart of the eEurope 2005 Action Plan[1], which in turn is a key element of the Lisbon Strategy to make the European Union the most competitive and dynamic economy in the world by 2010. eTEN has been adapted to become a key implementing tool for eEurope 2005: its main focus will be the practical implementation of eEurope services in the general interest. The reorientation in terms of actual programme content must now be complemented by an overhaul of the financing structure. The current ceiling on Community aid is 10% of the total investment cost, while 50% funding of the total cost of project studies is possible. However, the Commission's experience shows that this funding percentage is clearly insufficient to stimulate the deployment of services and to provide a real incentive to continue. The Commission therefore proposes that the funding ceiling for projects be raised from 10% to 30%. This increase is only to apply to projects for the deployment of services and applications. The revision does not affect the overall financial framework for eTEN.

2. General comments

2.1 In the chapter of the eEurope Action Plan 2005[2] on financing, the Commission announced that it would be presenting a proposal on raising the funding ceiling for the implementation phase of eTEN projects from 10% to 30% without prejudice to the other TEN programmes.

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1 COM(2002) 263; the Action Plan is designed to stimulate services, applications and content covering such areas as e-government, e-learning, or e-business.

2 The EESC has also drawn up an opinion on the eEurope 2002 Final Report: CESE 748/2003.

2.2 The Committee has been asked to give its opinion on this proposal, which contains just one substantive article.

2.3 The Committee has no objections to the amendment to Article 5(3) (adding the sentence *"In the case of projects of common interest identified in Annex I to Decision 1336/97/EC, the total amount of Community aid granted under this regulation may reach 30% of the total investment cost"*), since it can readily understand the following arguments.

2.3.1 The new orientation of eTEN places the focus of the eEurope Action Plan 2005 on the practical implementation of eEurope services of general interest.

2.3.2 However, experience to date with the project portfolio has shown that with the current funding rules services are hardly implemented on the market.

2.3.3 Because the study phase for a new telecommunications service is expensive and the corresponding ceiling on funding is normally set at 50% of study costs, there is very little funding left for the deployment phase.

2.3.4 The Commission gives a ratio between study, or market validation, projects and market deployment projects of 95% vs 5%. It wants to at least achieve a ratio of 50/50. Comparison with the experience of IST[3] in the 5th Framework Programme indicates that a funding ceiling of 30-40% is required in practice for the deployment of services.

2.3.5 In order to ensure that the funding made available also actually helps to achieve the objective of eEurope 2005, the number of projects is to be reduced, but with the likelihood of them being implemented and having a tangible and visible impact on the market.

2.4 The Committee notes that the ceiling of 30% diverges from the corresponding new 20% ceilings set for the TEN transport and energy projects[4]. The reason for this is given in point 2.3.4 above, which the Committee considers an adequate explanation.

2.5 The Committee also thinks that this measure, and the TEN transport and energy projects, should be evaluated before too long, so that if they are found not to be sufficiently effective, major new policy decisions can be considered for all the TENs. This would mean discontinuing the

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3 IST – Information Society Technologies of the 5th and 6th EU framework programmes for research and technological development (2002-2006). Decision No. 1513/2002, OJ L 232 of 29.08.2002, p. 1.

4 *TEN energy networks/guidelines* of 18.07.2002, CESE 865/2002, OJ C 241, 7.10.2002; *Guidelines for trans-European telecommunications networks* of 29.05.2002, CESE 679/2002, OJ C 221 of 17.09.2002; *General rules for Community aid/TENs* of 20.03.2002, CESE 347/2002, OJ C 125 of 21.03.2002; *Community guidelines for the development of a trans-European transport network* of 21.03.2002, CESE 360/2002, OJ C 125 of 27.05.2002.

present TEN funding system and adopting a more radical updated approach that safeguards the future.

3. Conclusion

The Committee supports the options for increasing the total support for Community telecommunications projects, which make a substantial contribution to the objectives of the trans-European networks, from 10% to 30% of total investment costs and hopes that this will make it possible to achieve the objectives sooner. If this turns out not to be the case, then more radical updated funding measures that safeguard the future should be considered.

Brussels, 16 July 2003.

The President of the European Economic and Social Committee	The Secretary-General of the European Economic and Social Committee
Roger Briesch	**Patrick Venturini**