



Department for Transport

Sir William Cash MP
Chairman Commons European Scrutiny
Committee
House of Commons
Telford House
14 Tothill Street
London
SW1H 9NB

Sir William,

Baroness Sugg CBE
Transport Minister for Aviation, International and
Security

Great Minster House
33 Horseferry Road
London
SW1P 4DR

Tel: 0300 330 3000
E-Mail: baroness.sugg@dft.gov.uk

Web site: www.gov.uk/dft

26 November 2018

9951/18 Proposal for a Regulation of the European Parliament and of the Council establishing the Connecting Europe Facility and repealing Regulations (EU) No 1316/2013 and (EU) No 283/2014

I am writing in response to the questions raised by your Committee following its examination of the Explanatory Memorandum on the above proposal, and to bring you up to date on negotiations on it ahead of an expected partial General Approach at the 3 December Transport Council.

Following its consideration of the proposal, the Committee sought the Government's views on a number of points. These are addressed below:

The proposed budget for CEF and the individual allocations suggested. As has been raised by a number of stakeholders, the allocation for 2021–27 amounts to a decrease in funding—in real terms—versus the 2014–20 iteration of the programme.

In comparison with the 2014-20 iteration of the programme, the proposed budget and the proposed individual allocations to CEF Energy and CEF Digital will see an overall increase in funding in real terms, while CEF Transport will see a proposed real terms decrease in funding. However, the Commission proposes to increase real terms spending of CEF overall, as €6.5 billion has been allocated for rapid military deployment to support the Commission's Action Plan on Military Mobility.

This additional funding will be used for the development of dual-use transport infrastructure that meets civilian and military needs. The Commission is working to identify the areas of the trans-European Transport Network (TEN-T) suitable for military transport and the appropriate standards that will be needed. This work will be drawing to a close in 2019. Union funding will be implemented through specific work programmes that will be based on this analysis.

The budget is proposed on the basis of an EU of 27 Member States as the UK will no longer be a member of the EU at the start of the budgeting period. In negotiations on the text the Government has not objected to the proposed allocation.

If the proposal to utilise CEF in pursuit of new objectives—such as the Union’s climate change commitments under the Paris Agreement—and the introduction of new area specific objectives, for example, the promotion of connected mobility on TEN-T, risk undermining the raison d’être of the TENs: to connect and develop Europe’s ‘hard’ infrastructure.

The use of CEF funding in pursuit of new objectives, such as supporting climate change commitments and the introduction of new area specific objectives, is a reflection of the evolution of EU policy. The first piece of legislation defining the Trans-European Transport Network (TEN-T) was adopted in 1996 and focused entirely on identifying eligible projects, with a strong focus on a small number of projects with obvious trans-European importance. The most recent legislation defining the TEN-T, adopted in 2013, was more wide-ranging in scope, and reflected the intention to support the EU’s long-term transport policy objectives, essentially to meet future mobility needs while ensuring resource efficiency and reducing emissions.

The changes to the way that the CEF proposal references the objectives of the TENs regulations reflects this evolution and aims for a simplified, coherent approach that can promote synergies between the different networks. The Government does not believe these wider considerations are inconsistent with developing “hard” infrastructure. For example, if implemented in the right way, infrastructure can minimise carbon impacts or facilitate reductions in emissions.

The discontinuation of eTEN and its replacement with TEN Digital, in particular, the change in focus in this area from funding the development of digital services to hard infrastructure. Furthermore, the specific priorities identified for TEN Digital (e.g. supporting the delivery of Gigabit internet connectivity, high-quality local wireless connectivity and the deployment of 5G mobile networks).

In the area of telecommunications networks, there has been a move away from “e-TENs” (which supported the delivery of online services in areas such as health and education) with “TEN Digital”, which addresses adaptation to changing needs for digital access and the infrastructure required for delivery. For energy and TEN-E, the inclusion of a new renewables category also helps to adapt to the increasing possibilities for development of offshore renewables production and hybrid grids linking more than two Member States, including third countries (rather than point to point interconnection), which is not covered by the existing TEN-E regulation. These changes are targeted at a more integrated approach to transnational co-operation.

The changes the Commission is proposing to simplify the application process for project promoters and, whether there has been, or there are plans to, consult UK-based stakeholders on their views.

The Government supports proposals to simplify application procedures. There are no plans to consult UK-based stakeholders because the UK will have left the EU before the Regulation comes into effect.

The proposal to earmark €6.5 billion of CEF for the improvement of transport infrastructure to support rapid military deployment. Whether such projects should be aimed solely at military applications or should also carry a benefit for civilian usage.

The proposal to include an additional €6.5 billion of CEF for the improvement of transport infrastructure to support rapid military deployment aims to support the Commission’s Action Plan on Military Mobility. This component of CEF will be used for the development of dual-use transport infrastructure that meets both civilian and military needs. Work is ongoing to identify the areas of the TEN-T suitable for military transport and the appropriate standards that will be needed. This work will be drawing to a close in 2019. Union funding will be implemented through specific work programmes that will be based on this analysis.

Given previous Government reservations concerning the Defence Union, if it is content with contributing towards a fund that it would, presumably, have little interest in making use of.

The UK will have left the EU before the new CEF Regulation becomes operational.

We ask the Government to clarify whether it will seek association to the 2021–27 CEF programme. If the Government does not intend to pursue association, we request information on its plans for UK infrastructure funding over the same period (between 2021-27).

The Government continues to evaluate which funding programmes the UK would seek to participate in after we leave the EU. The proposed new fund for CEF Digital will support the deployment of high capacity digital networks and 5G systems, and increased resilience and capacity of digital backbone networks on EU territories (by linking them to neighbouring territories). It also supports the digitalisation of transport and energy networks.

The emphasis on support for digital connectivity infrastructure marks a change of direction in the new Multiannual Financial Framework (MFF) from the current CEF Telecom programme, which has prioritised supporting cross-border interaction between public administrations, businesses and citizens, through the development of digital service infrastructures (DSIs).

In the next MFF, support for the development of DSIs will continue to be provided, but through a different programme - namely the EU's new "Digital Europe" programme, which will include a separate fund of €9bn. We are still assessing whether the UK will benefit from paying for access to the Digital Europe programme as part of our broader relationship with the EU Member States, or whether the cost of participation would be better spent on domestic programmes.

An important consideration in this case is that the proposed Regulation makes clear that third countries may not receive financial assistance from the programme unless it is indispensable to the achievement of the objectives of EU projects of common interest.

If both sides were to agree to future UK participation, a specific agreement between the EU and the UK (as a third country) would be needed which would set out the conditions of any participation. During negotiations on the new CEF Regulation the UK has sought to ensure that the text does not preclude future participation, but such participation would need to be negotiated and no decisions have yet been taken on whether the UK should seek participation. It should be noted that in the case of transport, the largest component of CEF, UK receipts have been less than 3% of the programme funds available compared to an average UK contribution of 13% to the EU Budget.

If the UK does not negotiate participation in the CEF for the next MFF period, we do not believe that this will significantly affect domestic infrastructure funding. The Government's National Infrastructure Delivery plan sets out our priorities for investment from 2016 until 2021. The next iteration of the plan will continue to address the development of our local, regional and national

infrastructure. The Government is committed to delivering better infrastructure in the UK to enable economic growth and promote opportunities for people across the country.

The changes sought to the framework of CEF/TEN—by way of the repeal of the eTEN Regulation and the inclusion of the substance of TEN Digital in the next CEF Regulation—and if such changes would lead to incoherence (the same can be said of the inclusion of the proposed renewables objectives in the CEF Regulation and not in the TEN-E Regulation). The omission from the proposed CEF Regulation of detailed objectives linked, where applicable, to the individual TEN Regulations and if this could threaten the overall coherence of the future programme.

The current Austrian Presidency has made the CEF one of its priority areas and is working to find a compromise to enable a partial General Approach to be agreed at the Transport Council on 3 December 2018. As already mentioned, the UK has sought to ensure that CEF does not preclude future participation should it be shown to have value to the UK. This is more likely to be in the field of renewable energy. We are working to ensure that the provisions in CEF are harmonised with those in the TEN-E regulation which will enable effective third country participation with the programme. We believe that this will be supported by the Commission and other Member States in the final text for the proposed partial General Approach.

I hope these comments address the Committee's questions and I would be grateful if the Committee would consider clearing the proposal from scrutiny or granting a scrutiny waiver ahead of the Council meeting.

I will, of course, inform the Committee of the outcome of the Transport Council and will continue to keep the Committee informed of progress on this proposal.

I have written in similar terms to Lord Boswell, Chairman of the European Union Committee, and am copying this letter to Jessica Mulley, Clerk to your Committee, Chris Johnson, Clerk to the Lords Committee, Arnold Ridout, Legal Adviser to your Committee, Les Saunders, Department for Exiting the European Union and Margaret Browne, departmental scrutiny coordinator.



BARONESS SUGG