

The Community and transport policy

European File

Transport is a key sector of the economy. It accounts for about 6.5% of the gross domestic product of the European Community and provides jobs for six million people.¹ From 1957 the Community has been attempting to set up a free market for inland transport, along the lines laid down in the Treaty of Rome. The first enlargement of the Community led Member States to re-examine their objectives. An action programme for 1973-77 was extended to 1983. This year saw the publication by the European Commission of a number of communications to the Council of Ministers. Their aim was to relaunch the common transport policy.

In truth, despite the adoption of 170 decisions by the Community in a quarter of a century and the passing of significant milestones on the road to a single European transport market, progress has been very slow and achievements well below expectations. The failure to create a genuine transport policy has been denounced by the European Parliament, which has taken action in the European Court against the Council of Ministers for failing to carry out its Treaty responsibilities. This failure is regrettable for a number of reasons:

- It is in the interest of Member States to make the most of the substantial private and public investment in transport. Divergences in national policies damage effectiveness, profitability and productivity. The Community could monitor the compatibility of national programmes, harmonize them where desirable and create economies of scale.

¹ This file updates and replaces our No 20/79.

It could also give technical and financial aid to projects involving more than one Member State.

- The success of other Community policies (agriculture, industry, regional development, energy, environment and tourism) relies heavily on the quality of Community transport services.
- The elimination of distortions of competition and discriminations affecting transport undertakings is an indispensable pre-condition to the genuine achievement of one of the basic principles of the common market: the free movement of people and goods.

Hence, a number of objectives have been laid down by the European Commission for the next few years:

- To increase the integration of national transport policies;
- To improve competition between different forms of transport and within each sector;
- To strengthen the productivity and efficiency of the European transport network, notably through ironing out bottle-necks and bureaucratic constraints;
- To contribute financially to a number of major infrastructure projects, of Community-wide importance.

The common transport policy sought by the Commission and the European Parliament also implies a series of other measures on safety, technical harmonization, protection of the environment and working conditions.

Below, we examine the situation sector by sector and then describe the problems of infrastructure development and international cooperation. It should be remembered, however, that Community actions can often assist a number of forms of transport at one time. This is true, for instance, of the harmonization of summer time, which has made life easier for international travellers, and the Community system for monitoring the transport market, which has given a clearer picture of future demand. The problems of the railways must, moreover, be viewed in relation to the conditions under which they compete with road transport, as well as a number of specific national difficulties.

Road transport

Road vehicles and their movements have traditionally been subject to a host of national standards and regulations which impede free circulation within the Community. A series of varied actions have been taken to remedy this situation:

- Firstly, European directives have harmonized standards for brakes, lighting, wind-screens and noise levels. Vehicules which meet these standards can circulate freely between Member States. Movement of commercial vehicles is, nevertheless, still impeded by differences in national rules on lorry sizes and weights.

- Frontier crossings have been made considerably easier for private travellers. Rules affecting bus and coach passengers have also been relaxed. The introduction of a Community driving licence has removed the necessity for a person moving to another member country to take a new driving test.
- Permits and quotas limiting goods transport have been abolished on about 35% of traffic. Since 1968, a Community quota of permits has allowed a number of licence-holders (4 038 in 1983) to pick up and deliver goods in all Member States without obtaining individual permits for each country. The European Commission has suggested that the number of Community permits should be increased annually in line with the increase in traffic and, in the long term, there should be complete freedom. A system of more flexible short-term licences was created in 1980 and in 1983 the Council agreed to set up a system of multilateral permits for removal firms.
- A number of Community decisions have been made in the field of working conditions and professional qualifications. Since 1974, professional carriers must fulfil certain minimum conditions. Maximum daily and weekly driving times have been established and obligatory rest periods introduced. These rules are enforced by the 'European tachygraph', which records the driving and resting times of heavy vehicles as well as their speeds. Finally, national qualifications are mutually recognized, allowing a transport operator from one Member State to set up in another.
- The European Commission has proposed changes in the national systems of taxation of commercial vehicles. It is also considering the possibility of introducing a system of compensation for those countries frequently used for the transit of goods, whose roads are used by vehicles from which they can claim no tax. The Council is on the point of adopting a regulation setting up a system for controlling the fees charged for international transport of goods by road.

Railways

The financial position of European railways is disturbing. Although a relatively modest consumer of energy, railways are suffering from increased competition from the roads, airlines and inland waterways. The share of the railways in the transport of industrial goods has fallen. The gap between their earnings and costs has generated substantial operating deficits, which have burdened national budgets with increasing subsidies. These subsidies partly take account of the fact that public obligations are imposed on the railways, preventing them from operating at a profit. Such obligations include reduced tariffs and the operation of loss-making lines in the interests of regional economies.

From the early 1960s, the Community has been attempting to end distortions of competition between the railways and other forms of transport. Rules governing national subsidies and public service obligations, covering both infrastructure and operating losses, have been harmonized. This has helped to make government aid more transparent, but has not lightened the burden. In 1975, the Council of Ministers laid down means for restoring the railways to financial soundness and for defining more clearly the relationship between the railways and public authorities. These measures provided for:

- The administrative, economic and book-keeping autonomy of the railways;
- Their operation according to commercial criteria, implying a freer hand in fixing fares and goods charges;
- More commercial and technical cooperation between Member States, in order to take advantage of the larger market and the standardization of infrastructure and rolling stock. The European Commission is striving to eliminate the economic and technical obstacles which are still impeding this cooperation.

The most recent reports on the position of the railways show that they are still far from paying their own way. Community rules on the comparability of cost calculations and book-keeping methods have illuminated national differences and contributed to the discovery of remedial action appropriate in each case. To boost the productivity, efficiency and quality of rail services, the European Commission proposed a series of Community guidelines in 1981:

- Multi-annual programmes, notably for investment in infrastructure and rolling-stock;
- The extension of combined rail-road services;
- The redefinition of public service obligations.

In 1983, the Council of Ministers extended the commercial autonomy already given to the international transport of goods to passenger traffic. To bring competitive conditions closer to other transport forms, the Commission has also suggested that governments should take over responsibility for rail infrastructure, as they already do for roads and inland waterways.

Inland waterways

There are a number of great inland waterway networks in the Community, the largest being the river Rhine and its tributaries. Rivers and canals play a vital role in the transport of heavy industrial goods. What is the position in this sector?

- Since 1976 navigation certificates granted by one member are recognized by all the others. In 1982 the Council of Ministers approved a directive laying down technical standards for vessels using inland waterways. The European Commission is at present working on measures which would permit the mutual recognition of diplomas and other documents needed by transport operators. It is also considering measures to improve working conditions.
- Permanent overcapacity has always dogged shipping on inland waterways. At the recommendation of the Commission, member countries have scrapped ageing vessels and compensated their owners. Barges must now conform to certain technical standards. The Commission is looking into the possibility of launching a modernization programme for older vessels.

- A Community system for monitoring market needs has been set up and provides an invaluable service for operators. The Commission is now examining the possibility of a system of charges for the use of inland waterway infrastructures. With a view to the possible completion of the Rhine-Main-Danube canal, it has helped to draw up a protocol ensuring fair competition on the Rhine network once it becomes accessible to vessels from State-trading countries of the Eastern bloc.

Sea transport

About 85% of Community external trade is transported by sea. Since three member countries have no land frontier with the rest of the Community, sea transport also plays an important part in intra-Community trade.

- The sector is largely open to international competition. The Community's first decision in this sector, in 1977, was thus to hold regular discussions on relations with third countries. To deal with competition from shipping lines in State-trading countries, hugely subsidized by their governments, a system of monitoring traffic passing through Community ports was set up in 1978. This monitoring system takes in the nature of cargoes and rates charged. At present, it covers shipping lines to East Africa, Central America and the Far East. The Community adopted the principle of concerted counter-measures against discriminatory practices by third countries in 1983. Stricter action against other unfair practices are now under consideration. As part of a convention and code of international conduct in 1979 the Community adopted a regulation to protect the interests of Third World shipping lines by reserving a 'fair' share of traffic to companies in each of the States involved in the trade. But it was agreed at the same time that free competition should be maintained between Community shipping lines and even with those of other industrialized countries grouped in the OECD. For the latter, the only condition is that reciprocal benefits should apply, especially for Third World trade. The European Commission has also proposed a regulation applying European competition law to sea transport.
- The Amoco Cadiz disaster in 1978 focused attention on the problems of safety at sea and the fight against pollution. A number of steps were taken in partnership with the Intergovernmental Maritime Consultative Organization (IMCO). The Community laid down safety standards for oil tankers entering its ports and minimum qualifications for high seas pilots in the North Sea and the Channel. Further, the Commission recently sent the Council a proposal for a directive on the drawing up of contingency plans to combat accidental oil spills at sea. The Community is also represented on the committee which monitors the implementation of a 'memorandum of intent' which came into force in July 1982 on the inspection of ships by the port State, in other words the country whose ports they use.

Civil aviation

The Community has only recently become active in this field. Its efforts began with a list of priorities agreed by the Council of Ministers in 1978 and a memorandum published by the Commission in June 1979. Four groups stand to benefit from the actions undertaken:

- Passengers, who should benefit from a Council decision in 1983 to liberalize the creation of new inter-regional air services between Community countries. The Commission has also begun an inquiry into the way air fares are fixed and is calling for the simplification of procedures at airports.
- Companies, who should benefit from the establishment of common rules on competition and national subsidies. The Commission is also looking into ways of reducing operating costs and increasing productivity.
- Airline personnel, who should benefit from measures to remove obstacles to job-hunting throughout the Community, the reciprocal recognition of professional qualifications and the improvement of working conditions.
- The public, who should benefit from measures to improve safety, environmental protection, a more rational use of energy, the development of the European aerospace industry and the protection of regional interests. European directives already ensure greater cooperation and mutual assistance in accident inquiries and limits on aircraft and helicopter noise.

Transport infrastructure

For many years the Community has financed national transport infrastructure projects. Between 1958 and the end of 1982, such projects have received loans from the European Investment Bank and the New Community Instrument, totalling more than 2 600 million ECU.¹ Grants from the European Regional Development Fund have totalled 1 900 million ECU from the creation of the fund in 1975 to the end of 1982. In both cases the aim has been to help the development of disadvantaged regions. But in the case of the EIB and the NCI, the intention has also been to improve communications between Community countries. Projects financed by the Community include parts of the motorways from Paris-Metz-Saarbrücken, Paris-Brussels and Antwerp-Breda, the motorway from Bordeaux to Poitiers, the motorway crossing Calabria from the Ionian Sea to the Tyrrhenian Sea, the roads from Patra to Olympia and Thessaloniki to Seres, as well as many farm roads which have permitted the motorization and increased profitability of agriculture. In other sectors, to quote but a few examples, the Community has aided the airports at Manchester and Birmingham, the modernization of the Inoi to Larissa section of the Thessaloniki to Athens railway line, the Tyne and Wear Metro, the Irish Sea ferries between Ireland and Britain, ports in the South of France, Greece (notably Rethimno in Crete), Ireland (Cork-Ringaskiddy) and Greenland.

But much more needs to be done. The Community must contribute to the planning and financing of new transport infrastructures to answer present and future needs, pictured on a continental scale. Community interests must be taken into account when new projects are conceived. Efforts are needed, in particular, to ensure that national schemes are

¹ One ECU (European currency unit) equals about £ 0.57, Ir.£ 0.73 or US\$ 0.85 (at exchange rates current on 14 September 1983).

compatible, to abolish bottle-necks to intra-Community transport and to encourage the gradual integration of the European network. The Community should also contribute to projects, which although viable in themselves, would be difficult to undertake without Community support. In 1976 the European Commission proposed the creation of a new financial instrument, specifically intended to give grants or low-interest loans towards transport projects of Community-wide importance. The Council of Ministers has not yet agreed to create a permanent instrument of this kind. But the concept has nonetheless already led to:

- Limited Community action, such as the grants totalling 10 million ECU in 1982 for marshalling and customs yards at Domodossola in Italy, new approach roads for Volos in Greece and studies on the financing of a fixed link across the Channel.
- A Commission proposal to launch a five-year experimental programme (1983-87), worth 630 million ECU. The first projects suggested by the Commission are the modernization of the road from Axios to Gallicos (Greece), the modernization of the Mulhouse-Nord rail interchange (France), the Wexford by-pass (Ireland) and the construction of the section of the Luxembourg-Trier motorway from Potaaschberg to the German border.

International cooperation

The development of a common transport policy implies a greater international role for the Community. The Commission is already negotiating with Austria and Yugoslavia on the routes across the Alps to Italy and Greece. It is also negotiating with other third countries on the liberalization of integrated transport services and the creation of regular passenger road transport links. The Community takes part in the work of various specialized international organizations, such as the European Conference of Transport Ministers, the United Nations economic committee for Europe and the central committee for Rhine navigation ■



The contents of this publication do not necessarily reflect the official views of the institutions of the Community.

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