

# The Community and transport policy



## European File

Transport provides about 6.5% of the gross national product of the European Community and employs more than six million people. Its vital contribution to the economy was underscored recently by the strike of lorry drivers, who were protesting against the amount of time and money wasted through delays at Community frontiers. Since 1957 the Community has been trying to organize a common market for land transport, to fulfil the objective laid down in the European Treaties. After the first enlargement of the Community, the Member States re-defined their aims in an action programme launched in 1973, which brought in sea and air transport for the first time. But despite agreements reached by the Council of Ministers on 190 different transport items, despite the gains of recent years and the many milestones already passed on the road to a unified European transport market, progress has been much slower and achievements much more limited than were expected.<sup>1</sup>

### **A European policy is indispensable**

The lack of a truly common transport policy has been condemned by the European Parliament, which has accused the Council of failing in its duties and brought a case before the European Court. The absence of a Community policy is regrettable because :

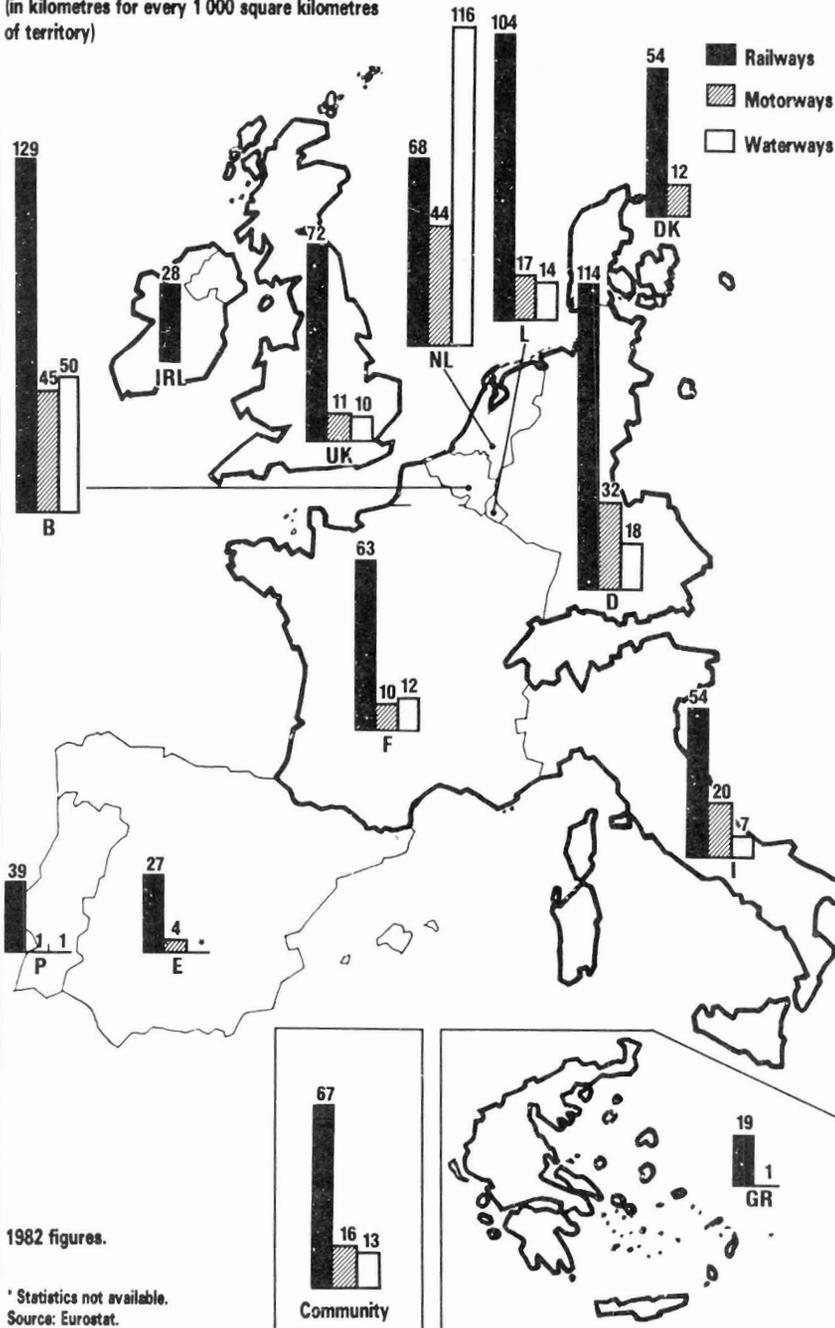
- It is in the interest of Member States to draw the maximum benefit from the huge sums of public and private cash invested in transport. The wide divergences between the national policies of Member States damage the efficiency, profitability and productivity of their transport systems. Only the Community can watch over the compatibility of national programmes, harmonize them if necessary and achieve economies of scale. The Community can also contribute technically and financially to projects straddling national boundaries.
- The success of most other Community policies (agriculture, industry, regional development, energy, environment, tourism, etc.) is closely linked to the quality of transport services in the Community.
- The elimination of distortions of competition and discrimination in the transport sector is a vital precondition for the application of the fundamental principle of the common market : the free movement of people, goods, capital and services.

In its important communication on land transport in 1983, the European Commission established a series of broad policy targets :

- Greater integration of national transport policies;
- A better climate of competition between and within the different forms of transport;

<sup>1</sup> This file replaces and updates our No 16/83.

**Length of rail, motorway and waterway systems  
(in kilometres for every 1 000 square kilometres  
of territory)**



1982 figures.

\* Statistics not available.  
Source: Eurostat.

- Greater productivity and efficiency in the European transport system, partly through eliminating bottlenecks and bureaucratic constraints;
- Financial support for a series of major infrastructure projects of Community-wide importance.

The global, common policy for transport sought by the Commission and the European Parliament would extend to other areas : safety, technical harmonization, protection of the environment and working conditions.

The current situation is examined below sector by sector, followed by an account of infrastructure developments and international cooperation. But it should be remembered that Community initiatives can assist a number of forms of transport at one time. Take, for instance, the harmonization of national dates for summer time, which helped travellers between Community countries, or the creation of a Community system for monitoring the international transport market, which gives a clearer picture of real transport needs. It should also be noted that any solution to the problems of railways must take account of the conditions under which they compete with road transport and of particular national difficulties.

## **Road transport**

The double difficulty of road travel is often reflected in the daily news : problems of safety and problems created by the forest of national standards and rules which impede free movement between Member States.

- Each year 50 000 people are killed and 1.5 million people injured on roads in the Community. This is far too many! The Council of Ministers has adopted a resolution on road safety and declared 1986 Road Safety Year. The European Commission is drawing up an action programme including infrastructure improvements and measures relating to road signs, vehicle safety and the behaviour and training of drivers.
- A string of European directives has harmonized standards for brakes, lighting, windscreens, sound levels, etc., to permit free and safe movement of cars from one country to another. After a 20-year wait, common standards on weights and measures of commercial vehicles were finally agreed at the end of 1984 and should open the way to further progress in this area. Community ministers have also agreed to improve environmental protection by committing themselves to ensure that lead-free petrol is on sale throughout the Community by 1989. Another directive will limit more strictly emissions from car engines.
- A variety of measures have been agreed to ease frontier crossings. Member States have committed themselves to spot-checks instead of systematic controls, to avoid the repetition of checks by different national authorities and to streamline their frontier posts, partly by harmonizing their opening hours. The

allowance for fuel in the tanks of commercial vehicles has been increased from 50 to 200 litres and a single customs document will replace the variety of forms currently demanded from transport firms by 1988. In the long run the European Commission would like to see the complete abolition of border controls. A European passport is already being introduced and the rules establishing a Community driving licence mean that drivers no longer have to take a new test if they move to another country.

- International transport of goods has traditionally been restricted by quota and by licence. The Community has managed to abolish restrictions on 40% of all road traffic. In addition, Community licences introduced in 1968 allow more than 4 000 licence-holders to dispense with the need for individual bilateral permits for crossing from one country to another. The number of Community licences is to be doubled between 1985 and 1989. Multilateral permits have also been established for removals firms and a more flexible system of short-term licences was set up in 1980. In the long run, the Commission hopes to liberalize the road transport market completely.
- In the field of social legislation, the Community established in 1974 the conditions for employment in the road transport industry, notably in terms of professional ability and training. Since then the mutual recognition of diplomas allows drivers to work in the Community country of their choice. At the same time, the Community has established maximum driving periods for each day and each week and obligatory periods of rest. Respect for these rules is policed by a tachograph which records the driving and resting time and speeds of heavy goods vehicles. Improvements are expected shortly in these arrangements and their enforcement.
- A more rational pricing system, based on reference tariffs, was set up in 1983 for international road transport. The European Commission also hopes to improve the taxation system for commercial vehicles and has called for a Community-wide solution to the controversy over charging for the use of road facilities. The Commission is investigating ways of satisfying the demands of countries of transit such as Switzerland and Austria. These countries have introduced taxes on transit vehicles to help defray infrastructure costs but the Community disputes whether these are justified.

## **Railways**

The finances of European railways are in a disturbing state. Although economic in their use of energy, railways suffer from the increasing competition of road, air and waterway transport. Their share of the market for transporting industrial goods has fallen. The gap between revenue and costs has caused huge deficits, bridged by subsidies which place a burden on national budgets. In many cases these subsidies are a recognition of the non-commercial duties imposed by the State, such as low fares and the running of loss-making lines to sustain struggling regions.

Since the early 1960s the Community has tried to equalize competition between rail and other forms of transport. Rules on financial compensation have been harmonized to take account of both public service obligations, capital and operating subsidies. The financial involvement of governments was made more transparent, but not reduced. In 1975 the Council of Ministers laid down guidelines for financial recovery and a clearer definition of relations between railway companies and the public authorities. These measures aimed to encourage :

- Administrative, economic and accounting independence for railway companies. Management of the systems more closely related to economic factors, notably through a relaxation of controls on pricing. In 1983 the Council extended the commercial independence already granted to international goods movements to international passenger traffic.
- Greater commercial and technical cooperation to take advantage of common standards and a wider market. The European Commission is trying to eliminate the technical and economic obstacles to cooperation of this kind. A recommendation on the commercial aspects of railway cooperation was sent to the Council in 1984.

Most recent reports on the finances of railways show that the companies are still in difficulty. Community rules establishing a basis for the comparison of costs and accounting systems have thrown light on national differences and should contribute to the finding of solutions appropriate to each case. To boost the productivity, efficiency and quality of rail services, the European Commission suggested in 1981 the laying down of multiannual programmes, notably for investment in infrastructure and rolling-stock, the re-examination of public service obligations and the extension of combined rail-road services under the umbrella of a specialized international company with considerable independent powers.

In 1984 the Commission returned to the fray by calling for an improved capital structure for rail companies and a better sharing of infrastructure costs (those for roads and waterways are financed by national budgets). The Commission would also like to see public service obligations replaced, as far as possible, by agreements negotiated between rail companies and regional authorities. The overall aim would be to restore the financial balance of rail companies and gradually reduce public subsidies.

## **Waterways**

There are several large waterway systems in the Community. The most extensive is formed by the River Rhine and its tributaries. Rivers and canals play a vital role in heavy industrial trade. What is the present state of affairs in this sector?

- Since 1976 Member States have agreed to recognize one another's decisions on the navigability of waterways. In 1982 the Council laid down technical specifica-

tions for waterway craft. The Commission has also proposed guidelines for those wishing to enter the industry and for the mutual recognition of diplomas and other certificates. The Commission is pushing for an improvement in working conditions.

- Permanent over-capacity has always been a problem for inland water transport. Following a recommendation from the Commission, Member States paid owners to scrap many older vessels. Barges must now conform to certain common standards. The Commission has proposed a renewed effort to eliminate over-capacity of the Rhine fleet and is studying the possibility of a modernization programme for old boats.
- A Community market-monitoring system has been set up. This is a valuable aid for barge operators. The Commission is now studying the possibility of introducing a system of tariffs for the use of waterway infrastructures. It also took part in the drawing up of an international agreement which should ensure fair competition on the Rhine network once the Rhine-Main-Danube canal makes it accessible to vessels from Eastern bloc countries.

## **Sea transport**

Around 95% of the Community's external trade is carried by sea. Three Community countries do not have a common land frontier with the rest of the Member States. Sea transport therefore also plays an important part in intra-Community trade.

- It is in the Community's interest to keep the shipping industry to a large extent open to international competition. It is therefore important to combat the protectionist tendencies which are one of the causes of the shrinking share of the world market held by the European fleet. The first decision of the Member States in this area, in 1977, established regular dialogue with third countries. To cope with competition from a number of shipping companies in the Eastern bloc, heavily subsidized by the State, a survey of traffic through Community ports was instituted in 1978. This covers the type of cargoes and tariffs charged on shipping lines to East Africa, Central America and the Far East. In 1983 the principle was accepted of concerted counter-measures against the discriminatory practices of certain non-Community countries. Stricter rules on unfair commercial practices are under consideration. In 1979 the Community adopted, in the framework of an international convention and code of conduct, the rule that 'fair' shares of traffic to and from Third World countries must be reserved for the shipping lines of all countries involved. But the Community laid down at the same time that there must be free competition between its own shipping companies and between those of the Community and other OECD countries. For the latter reciprocal agreements are, none the less, permitted, especially in traffic with the Third World. The Commission has also proposed terms for equalizing competition between the sea-ports of the Community and has proposed that European rules on fair competition and the free movement of

services should apply to the shipping industry. The aim is to prevent any form of discrimination within the Community.

- The shipwrecks of the *Amoco Cadiz* and the *Mont-Louis* have focused public attention on safety at sea and the battle against pollution. A number of steps have been taken in this area in conjunction with the International Maritime Organization. The Community has laid down safety standards for tankers entering its ports and qualifications for sea pilots operating in the Channel and the North Sea. The Commission also proposed contingency plans for accidental spillages of oil. Since 1982, the Community has been a member of the international committee which monitors the inspection of ships by the States whose ports they use.

## **Air transport**

The Community has only recently become active in this field. Its involvement 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 would like to seek a greater number of services, which would be more reliable, better suited to their needs and cheaper;
- Airlines, who would benefit from definite rules on competition, State aid and certain charges they have to pay;
- Staff, who must be given the right of free movement to jobs in other Community countries, the mutual recognition of professional licences and improved working conditions;
- The Community as a whole, which would benefit from improved safety, environmental protection, the more economic use of fuel, the expansion of the European aeronautical industry and the consideration of regional development needs.

The Council of Ministers has already adopted directives on cooperation in accident inquiries, the reduction of noise from air-ships and helicopters and the opening of regular flights between regional centres in the Community. More needs to be done. In a new memorandum published in 1984, the Commission calls for a revision of existing rules, which are based on inter-governmental agreements and bilateral negotiations between companies. To boost the efficiency of airlines and cater more closely for passengers' needs, the system must be made more flexible and more competitive. State aids must be controlled more strictly. Large companies must be allowed freer competition to increase their share of the market. Small companies must be allowed freer rein in developing secondary routes and price-fixing must be more flexible. Full 'deregulation' on the American pattern is not possible and

safeguards will be needed : the establishment of reference tariffs and price ranges and the right of Member States to ensure that their airlines keep a minimum amount of traffic. Efforts must be undertaken at the same time to reduce operating costs (airport taxes and customs checks on freight) and to reduce the formalities which Community citizens undergo at airports.

## **Transport infrastructure**

For many years the Community has financed transport improvements, ranging from roads and motorways, to bridges and tunnels, ports and airports, canals, the upgrading or electrification of railways and the purchase of more comfortable and economic equipment (aircraft, high-speed trains, etc.). Between 1958 and 1984 the European Investment Bank loaned 3 900 million ECU<sup>1</sup> to the transport sector from its own resources and those of the New Community Instrument. Since its creation in 1975, the European Regional Development Fund has given over 3 300 million ECU in grants to improve transport infrastructure. The objective in both cases is to encourage regional development but the EIB and NCI loans also aim to improve communications within the Community. Amongst projects financed in this way are : sections of motorway between Antwerp and Breda, Paris-Brussels, Paris-Metz-Saarbrücken, Lorraine-Burgundy, Bordeaux-Poitiers, Messina-Palermo, the Calabrian and Frioul motorways, the roads from Patras to Olympia and Thessaloniki to Seres, the Breton road improvement plan and hundreds of sections of the French departmental road network as well as many farm roads, mainly in Greece and Ireland, which have improved the mechanization and profitability of local agriculture. Other examples are the airports at Birmingham, Manchester and Palermo, the upgrading of the Inoi-Larissa section of the Athens-Thessaloniki railway line and the Tyne-Wear metro in the United Kingdom. Finance has also been provided for Irish Sea ferries from Ireland to Britain and cargo and passenger ports including, in recent years, Ramsgate, Harwich, Sete, La Rochelle-Pallice, Boulogne, Calais, and Cork-Ringaskiddy.

More needs to be done. The Community has a role to play in the planning and financing of the infrastructure needed now and in the future when transport is viewed on a European scale. The Community interest must be taken into consideration in the planning of new projects. In particular, care must be taken to ensure that national plans are compatible, that bottlenecks in intra-Community transport are removed, that the European transport network is gradually integrated, taking account of the forthcoming accession of Spain and Portugal and that profitable schemes, which could not be undertaken without Community aid, are carried through. In 1976 the European Commission proposed the creation of a specific Community instrument to provide grants or low-interest loans for transport projects of Community-wide importance. So far the Council of Ministers has refused to create a permanent fund of this kind. But the concept has already led to :

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<sup>1</sup> One ECU (European currency unit) = about £0.59, Ir.£0.71 or US\$0.71 (at exchange rates current on 10 April 1985).

- The launching of a limited programme of annual projects worth 105 million ECU in 1982 to 1984 including : stations at Domodossola in Italy and Nuremberg in the Federal Republic of Germany, a rail interchange at Mulhouse in France, a rail link to the port of Harwich in the United Kingdom, sections of railway line from Chiasso to Milan in Italy and Larissa to Plati in Greece, the London orbital motorway and Sidcup by-pass in the United Kingdom, the Shankill-Bray and Wexford by-passes in Ireland, the Volos-Athens-Kalamata road in Greece, the Potaschbiert to the German border section of the Luxembourg-Trier motorway, a French access road to the Mont Blanc tunnel, the Dordrecht bridge in the Netherlands, the upgrading of the river Lys in Belgium and France, a study on the cost of a fixed transport link across the Channel and a variety of infrastructure developments to speed border crossings.
  
- Proposals for a medium-term programme containing a variety of projects of Community-wide importance.

### **International cooperation**

The development of a common transport policy implies an expanded role for the Community on the international transport scene. The principle subjects for debate are : Alpine crossings and links with Italy and Greece through Switzerland, Austria and Yugoslavia; negotiations with third countries on the liberalization of integrated transport services and the creation of regular road passenger services (an agreement on occasional coach services was signed with eight non-Community European countries in 1983). The Community also takes part in the work of various specialized international organizations, such as the European Conference of Transport Ministers, the United Nations Economic Commission for Europe and the central committee for Rhine navigation ■

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