REPORT

of the Committee on Transport and Tourism

on the development of relations between the European Community and the countries of Central and Eastern Europe in the field of transport

Rapporteur: Mr G. ANASTASSOPOULOS
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Opinion of the Committee on External Economic Relations on B3-252/90 . 23
At the sitting of 2 April 1990 the President of the European Parliament announced that he had forwarded the motion for a resolution by Mr Köhler on the need to define a new transport concept in connection with the development of new traffic routes and flows in Europe following the changes in Eastern Europe (B3-252/90), pursuant to Rule 63 of the Rules of Procedure, to the Committee on Transport and Tourism as the committee responsible and to the Committee on External Economic Relations for its opinion.

The committee had already decided at its meeting of 21 December 1989 to draw up a report on relations between the European Community and the countries of Central and Eastern Europe in the field of transport, and at its meeting of 23 March 1990 it appointed Mr Anastassopoulos rapporteur.

At its meeting of 25 April 1990 the committee decided to include the abovementioned motion for a resolution in its report. At its meeting of 26 February 1991 the committee decided to include in its report the motion for a resolution by Mr Ephremidis and others on transit problems with Yugoslavia (B3-1702/90) (announced in plenary sitting: 22 February 1991; opinion: Committee on External Economic Relations).

At its meetings of 18 March and 5 April 1991 the committee considered the draft report.

At the latter meeting it adopted the resolution unanimously.

The following were present for the vote: Amaral, chairman; Topmann and Christensen, vice-chairmen; Anastassopoulos (for Sarlis), rapporteur; von Alemann, Fernex, Joanny, Lüttge, McIntosh, Siso Cruellas (for Romera i Alcazar), Visser and Van der Waal.

The opinion of the Committee on External Economic Relations on motion for a resolution B3-252/90 is attached. The opinion on motion for a resolution B3-1702/90 will be published separately.

The report was tabled on 16 April.

The deadline for tabling amendments will appear in the draft agenda for the part-session at which the report is to be considered.
A

MOTION FOR A RESOLUTION

on the development of relations between the European Community and the countries of Central and Eastern Europe in the field of transport

The European Parliament,

- having regard to the motions for a resolution by:

(a) Mr Köhler on the need to define a new transport concept in connection with the development of new traffic routes and flows in Europe following the changes in Eastern Europe (B3-252/90),

(b) Mr Ephremidis and others on transit problems with Yugoslavia (B3-1702/90),

- having regard to the report of the Committee on Transport and Tourism and the opinion of the Committee on External Economic Relations (A3-0095/91);

A. whereas the radical political changes in the states of Central and Eastern Europe may be expected to bring about more intensive cooperation between these states and the European Community and their gradual inclusion in the process of European integration,

B. whereas considerably more political attention needs to be paid to transport to reflect its real importance for the process of European integration,

C. whereas it is time to breathe life into the clauses on cooperation in the field of transport contained in the agreements between the European Community and Yugoslavia, Hungary, Poland, Czechoslovakia, Bulgaria, Romania and the Soviet Union on trade and economic cooperation and proceed to an exchange of views on future developments of a European transport system,

D. whereas this cooperation could be intensified on the basis of future association (European) agreements with Czechoslovakia, Hungary, Poland and others,

E. whereas a thorough reappraisal of the reciprocal relations in transport is needed both by the states of Central and Eastern Europe and by the Community, whose past strategy was marked by the need to ward off unfair competition from state-trading companies¹,

F. whereas it is in the Community's interest to support the introduction of market economy structures and the establishment of small and medium-sized transport enterprises in the countries of Central and Eastern Europe,

G. whereas the modernization and expansion of transport infrastructures urgently needed by the countries of Central and Eastern Europe should be coordinated at European level; whereas these countries, in view of their difficult financial position, are dependent on support from the international community for this purpose; and whereas the European Community is in a position, by means of its financial instruments—complementing the international financial instruments—to help speed up the expansion of transit routes which are of vital importance to it and of the main arteries most important for the mutual exchange of goods and persons,

H. whereas this cooperation must form part of an overall political concept in which priority is given to developing public transport, railways and inland waterways while guaranteeing the long-term safety and conservation of the ecosystem,

I. whereas, alongside bilateral forms of cooperation, the existing fora for multilateral cooperation on transport policy (European Conference of Ministers of Transport, European Civil Aviation Conference, UN Economic Commission for Europe) must continue to be used in a pragmatic way which allows for future development, as well as for proper representation of the European Community,

J. whereas there is still room for specific agreements in the transport field alongside the planned association agreements,

1. Calls on the Commission to submit to the Council and the European Parliament a detailed report assessing problems and issues related to transport markets in Yugoslavia, Hungary, Poland, Czechoslovakia, Bulgaria, Romania and the Soviet Union;

2. Calls on the Commission and the Council to take the necessary decisions for a second phase of the Phare programme which should also cover transport issues in order to support the transformation of the transport systems of Central and Eastern European countries into a market economy, notably by

- the development of market observation systems in those countries which would provide industry and governments with data compatible with those collected in the Community,

- the organisation of training programs for transport industry employers, management and staff as well as government officials and exchange of staff at administrative and business level,

- the holding of sectoral and regional conferences,

- the implementation of study programmes for market analysis and restructuring the transport industry, for analysis of traffic flows, the assessment of priorities for infrastructure development, alternative means of financing including the concept of franchising and the socio-economic and environmental evaluation of transport legislation and infrastructure projects;
- advisory support in the field of infrastructure planning, cost-benefit analysis, financial engineering, notably through high level advisory units to be assigned to the interested countries;

- the analysis of new factors resulting from the changes in Europe and the opening up of Central and Eastern Europe: for example new transit regions, new cross-border arrangements and the impact on peripheral regions;

3. Calls for a conference of Baltic States to take account of the changed political situation;

4. Calls on the Commission to ensure in the short term that aid programmes for the Soviet Union by the Community and the Member States reach their destinations, e.g. by choosing alternative routes of shipment in order to avoid existing bottlenecks, by offering logistical help for final distribution in the Soviet Union and by establishing training programmes for employers, management and staff in the transport and distribution sectors;

5. Calls on the Central and Eastern European countries to consider, when adapting their transport legislation to a market economy, its compatibility with Community legislation as an important objective; calls on the Commission to offer to the governments of the Central and Eastern European countries any assistance in assessing the impact of legislation projects on the creation of a future all European transport market;

6. Calls on the Commission to propose to the Council, taking into account the developments in the negotiations on association agreements, that bilateral negotiations be opened between the European Community and the abovementioned states on transport questions, aiming to achieve gradually and having regard to the relevant political realities, agreements on a reciprocal and non discriminatory basis for all modes of transport on

(a) keeping open and expanding those transit routes which are of vital importance to the Community with priority for railways,
(b) access to each other's transport markets,
(c) approximation of transport legislation, notably the conditions under which transport undertakings provide their services, the means of their supervision and the way in which tariffs are used as a means of preventing dumping,
(d) cooperation in transport infrastructure policy,
(e) the future development of the European transport system from the economic, social, safety and environmental points of view,
(f) the development of public transport in new cross-border and peripheral regions;

7. Priority should be given to the rapid conclusion of agreements particularly on the following transport policy questions:

(a) definition of certain European high-speed rail links complemented by high-grade intercity-train connections while respecting the countryside and the people involved,
(b) definition of a European network for road/rail/inland waterway and combined transport with adequate terminals,
(c) definition of the technical specifications for a uniform European air traffic control system with an appropriate number of control centres

(d) definition of an alternative transit route from Greece to Central Germany via Bulgaria, Romania, Hungary and Czechoslovakia,

(e) cooperation between railway companies in the commercial field, in order to guarantee competitiveness of goods transport by rail on Central and Eastern European routes,

(f) development of transfrontier links and sufficient border checkpoints between the Community and Central and Eastern European countries,

(g) reciprocal access to inland waterways the importance of which should be stressed with regard to the forthcoming completion of the Rhine-Danube-Canal,

(h) overflying rights and freedom of commercial activity for airlines,

(i) free access to loading and removal of unfair competition practices in maritime transport; considerable support should be given to coastal shipping, not least as an environmentally compatible alternative to transport by land;

8. Calls on the Council to consult Parliament on the Commission's future proposals on the opening of negotiations on transport questions and thereupon to take a decision on these proposals immediately;

9. Calls on the countries of Central and Eastern Europe to improve their national motorways, railway networks and inland waterways to guarantee efficient connections with the international transport axes;

10. Calls on the Commission, as a guideline for the use of international and Community financial instruments, to indicate those transport axes in Central and Eastern Europe whose development is in the interest of the Community or of Europe as a whole, also taking into consideration the latest report by the International Union of Railways on a project for the improvement of East-West infrastructure, and with particular regard to the following main railway lines:

   (a) Berlin - Warsaw - Moscow

   (b) Dresden - Cracow - Kiev

   (c) Dresden --- Prague --- Budapest --- Belgrade --- Thessaloniki --- Athens
          Vienna
          Munich --- Villach --- Zagreb
          Venice --- Trieste

   (d) Athens - Thessaloniki - Sofia - Bucharest - Kiev - Moscow

   (e) Western Europe-Baltic States: Rotterdam-Amsterdam-Groningen-Oldenburg-Bremen-Rostock-Szczecin-Baltic States-Leningrad-(Helsinki)

   (f) North Sea ports-Ruhr-Central Germany-Eastern Europe
the construction of adequate trunk roads on the following routes:

(g) Frankfurt/Oder - Warsaw
(h) Dresden - Wroclaw - Cracow
(i) Dresden - Prague --- Budapest --- Craiova --- Sofia - Istanbul
Nuremberg

(j) Villach --- Zagreb --- Belgrade --- Thessaloniki --- Athens
Trieste

(k) Rome-Naples-Brindisi-Igoumenitsa-Volos-Thessaloniki-Sofia

improving and developing inland waterways of international importance

(l) Rhine-Main-Danube
(m) Rhine-Ijssel-Twente Canal-Mittelland Canal-Elbe-Oder-Danube

also taking into account the needs for combined transport\(^2\), e.g. the development of bimodal technologies;

11. Calls on the Commission to give priority to and support close cooperation between the railway companies to establish:
- quality standards throughout Europe,
- a simple and attractive fare structure;

12. Calls on the Commission to draw up a concept for a future European transport system to meet the challenges of the 90's and the 21st century, to make this concept available for discussion within the Community and its neighbouring states in Europe, and finally to table operational proposals for putting it into practice;

13. Calls upon the international and Community financial institutions to speed up, by means of extensive loans, interest subsidies and financial engineering which is also attractive to the capital market, the development of transport infrastructures in Central and Eastern Europe coordinated in accordance with the abovementioned priorities, and advocates the use of Community instruments such as an extended Phare II programme and financial protocols to European agreements;

14. Calls on the budgetary authorities of the Community to take the necessary decisions to allow the implementation of the political objectives set out in this resolution;

15. Instructs its President to forward this resolution to the Commission and Council and to the governments and parliaments of the countries of Central and Eastern Europe.

\(^2\) cf. the report to be presented by Mr. Porrazzini on behalf of the Committee on Transport and Tourism
B

EXPLANATORY STATEMENT

Political framework

1. The democratic revolution and the radical changes which have taken place since then in the countries of Central and Eastern Europe offer new scope for cooperation and integration in Europe. The impending completion of the Community's internal market, the endeavours to create a European economic area including the Community and EFTA countries, the agreements reached between the Community and Poland, Hungary, Czechoslovakia, Bulgaria, Romania and the Soviet Union on commercial and economic cooperation and the approaches by these countries to the Council of Europe offer the prospect of far busier everyday and commercial links across our continent.

2. A theory has been projected under which four concentric circles\(^3\), linked and integrated to various degrees, may be discerned:

- the European Community,
- the European Community and the transit countries lying between its Member States,
- the democratic states of Europe, and
- the democratic and socialist states of Europe.

These distinctions will continue to be relevant, although there will probably be fewer circles and many of the differences will disappear. It would be futile to expect that a process of integration which has taken the European Community almost 40 years can be accomplished in just a few years by the countries of Central and Eastern Europe. Time will, indeed, be needed, coupled by strong political will.

3. The enlargements of the Community in the past have indeed shown that economic adaptation can be speeded up if the political will is there, but political analysis must also take into account the fact that the democratic revolutions in Central and Eastern Europe brought liberation from forced integration into an international economic system and that those countries will perhaps take time to develop the political readiness to transfer their regained sovereignty to international institutions. The European Community should therefore seek via political cooperation to encourage the process of European integration within the following future circles:

- the European Community
- the European Economic Area
- the States associated to the European Community
- the community of the democratic states of Europe,

with the last circle possibly taking shape under the Council of Europe or a structure derived from the CSCE.

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\(^3\) In respect of transport policy see Anastassopoulos report following the judgment of the Court of Justice (A2-84/85)
4. The importance of transport policy to European integration is usually underestimated. At political conferences it is usually no more than touched upon, as an example of possible cooperation. Accordingly, the agreements on trade and political cooperation between the Community and the states of Central and Eastern Europe provide for transport as one of 11 sectors in which the contracting parties will encourage economic cooperation. There is nothing to say what this cooperation should look like or what it should relate to. The political task is now to breathe life into these clauses. Since the Community stimulated and supported the process of democratization in Central and Eastern Europe, it has a moral and political duty to show solidarity to these countries and bring them into the common European home.

5. It is a risky matter to marginalize transport questions in political debate. The decision to go over to a market economy has generated a vast economic growth potential in the countries of Central and Eastern Europe. To exploit this potential they will need western know-how and this implies a considerable volume of trade with their European neighbours. This means not only considerably increased passenger and goods traffic, but also the generation of new traffic flows. If transport policy fails to produce adequate responses to these challenges there is a risk that in a few years the economic regeneration of these areas will choke in traffic congestion.

6. We therefore need to start now on planning a framework for an overall transport policy for the continent as a whole and this should be done by transport policy cooperation between the countries of Europe, looking well beyond the year 2000 for these plans to come to fruition. Politically we must seek to imagine how the states of Central and Eastern Europe will look in 20 to 30 years. Perhaps by then they will share a political framework with the European Community and the EFTA countries, so that an overall transport plan for the whole continent might be a realistic option. However, that is a long way off and we cannot be certain that political progress will not halt at some interim stage. Our first concern must be to intensify transport cooperation in Europe and put it on an institutional footing. Bilateral (Community-Central and Eastern European partner states) and multilateral action within existing international institutions will have to be contemplated.

7. A political decision to replace cooperation agreements, with association agreements has been taken and a mandate has been given to the Commission to negotiate these new agreements with Hungary, Poland and Czechoslovakia. The negotiating directives include inter alia detailed special provisions for transport cooperation. However, many questions remain open. How far will the Community go? What role should other fora of international cooperation such as the European Conference of Ministers of Transport (ECMT) for land transport and the European Civil Aviation Conference (ECAC) for aviation play? And, finally what role will the Soviet Union play in this process since it, too, is undergoing fundamental changes although they are proceeding more slowly than - and are different from - those taking place in the other states of Central and Eastern Europe? There are no definite answers to these questions so far but they must be carefully considered.
Transport policy problems

8. The purpose of this report is to wrench the transport aspect of relations between the Community and the countries of Eastern and Central Europe from the political obscurity in which it has languished and to thrust it into its rightful prominence. The reshaping of the 'concentric circles' of European integration requires the inclusion of Yugoslavia, which, while already enjoying closer links with the Community through cooperation agreements and as a transit country than the other countries of Central and Eastern Europe, is not yet economically ready for inclusion in the European Economic Area. We shall now consider a number of ways in which the Community and the countries of Central and Eastern Europe may help build the 'European Home' by practical action in the field of transport policy.

9. The first thing the Community has to do is to reappraise its transport strategy towards these countries, which in the past has been worked by the need to ward off unfair competition from state-trading companies. These countries have all taken the fundamental decision to introduce market economies, in which transport is included but Parliament has as yet no exact information as to how these decisions have been put into practice, and what new systems of access to the profession and to the market, and pricing, and what technical, social and fiscal rules apply to transport undertakings in those countries. The same is true of conditions governing outside investment (setting up of branches, joint ventures, the repatriation of profits). To provide a basis for assessing future action under transport policy, and information and assistance to Community undertakings and investors, there would seem to be a need for the Commission to draw up a compendium of this information and, in view of the possibly rapid rate of change, to keep it constantly up to date.

10. It is bound to be in the Community's interests to support the introduction of market economy structures and the establishment of small and medium-sized transport enterprises. In those countries shown by analysis to offer adequate conditions for the development of a market economy, the Community should therefore, under existing trade and cooperation agreements, use its financial instruments, in particular the European Investment Bank, to encourage the development of small and medium-sized transport companies by providing know-how and start-up aid; the European Bank for Reconstruction and Development should take similar action. On the basis of detailed surveys of the provisions governing the transport industry in the countries of Central and Eastern Europe a strategy could then be developed for the Community, concerning the various aspects such as access to the market, traffic rights, rates, right of establishment, access to the profession, charging of infrastructure costs, technical and social legislation, etc., tailored to the situation in each of the countries concerned. The principles of reciprocity and balanced gains and losses to each side should also apply here. In its assessment of the individual cases the Community will have to offset the economic advantages offered to the countries concerned by

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4 See EP resolution of 9.7.82 on relations between the Community and the Comecon countries in the field of transport policy, OJ C 238, 13.9.1982, p. 96, Hoffmann report, Doc. 1-203/82
their access to the large internal market against the advantages to the European economy as a whole of a unified transport system.

11. In view of future association agreements or possible applications for membership of the European Communities it would certainly be helpful if the Central and Eastern European countries, when defining their transport policies and reshaping their transport legislation, could consider its compatibility with the Community transport legislation as an important objective. The Community institutions would certainly be ready to assess the implications of proposed legislation on the creation of a European transport market if requested to do so by Central or Eastern European countries.

12. One of the urgent problems that countries of Central and Eastern Europe face is the modernization and expansion of their inadequate transport infrastructure. Bulgaria, Czechoslovakia, Poland, Romania and Hungary had a bare 1,400 km of motorway in 1987; the railways which carry most of their traffic need modernization from top to bottom if they are to be comparable with rail transport in the countries at the hub of the Community. As the investments needed far exceed the funds available, there are understandable expectations of financial support from the Community and other international institutions.

13. However, the Community itself has not yet managed to adopt a suitable transport infrastructure programme to fill in the gaps in its own system. The three-year action programme agreed by the Ministers of Transport and adopted on 20 November 1990 is certainly an advance on the past system of apportioning funds on the basis of ad hoc arrangements, but no more than a token of goodwill when seen against the needs of a Community infrastructure policy. Of the non-Community countries of Europe, the Community has so far granted financial aid for transport infrastructure projects only to Yugoslavia: pursuant to the first and second financial protocol attached to the trade and cooperation agreement EIB loans have been granted for the development of transit routes through Yugoslavia, but without the interest rate subsidies from the budget requested by the European Parliament. The third financial protocol which has been initialled but not yet finally approved, will probably provide for another 580 MECU loan for transport infrastructure projects as well as for granting 77 MECU out of the Community budget as interest subsidies (2%), subject to the conclusion of a transit agreement.

14. In the present political situation, specific transit agreements would offer the best prospects for early conclusion between the Community and non-Community countries. Where road transit traffic does not, as in the Alpine countries, encounter environmental objections, individual transit agreements could be contemplated, on the lines that, in return for long-term transit rights, the Community makes a substantial contribution to financing the infrastructures required. The transit negotiations with Yugoslavia, which have been conducted on this basis, have been concluded.

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5 The European railway undertakings are at the moment assessing their investment requirements under the aegis of the UIC

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on 25 March 1991 and a transit agreement has been initialled\(^7\). As
nevertheless road haulage between Germany and Greece may still encounter
difficulties in transiting through Yugoslavia and Austria, an additional
route from Berlin via Dresden, Prag, Brno, Bratislava, Budapest, Arad,
Craiova, Sofia, to Thessaloniki, (E55-E65-E60-E79) should perhaps be
developed. Transit agreements to be negotiated between the Community on
the one hand and Czechoslovakia, Hungary and Bulgaria on the other could
lay down terms for the granting of traffic rights and the development of
infrastructures. The Bulgarians have already been sounding up the
Community in this respect. Hungary would also be interested in a transit
agreement. Apart from the stretch between Teplice and Prag, the
Czechoslovak section of this route is already a motorway.

15. In the case of transit agreements the mutual benefits are clear-cut;
elsewhere, however, hopes for Community financial aid should not be set
too high, at least while its powers in respect of infrastructure policy
have yet to be fully established. We should seek to carry on with the
PHARE programme with an increased budget including also transport
projects which have not been considered in the first phase. This will
allow to carry out some priority actions. The crucial factor will be
the extent to which the European Bank for Reconstruction and Development
can mobilize capital investment for Central and Eastern Europe. This
makes it all the more important that a schedule of infrastructure
investment requirements of pan-European interest is drawn up as a
cooperative effort. Once the Community has taken the legislative
decisions required in order to endow itself with powers in the field of
infrastructure policy, such a schedule of requirements could rapidly be
transformed into a blueprint for an all-European investment policy.

16. This schedule of requirements would of course have to follow on from the
work that has already been carried out on all-European coordination. We
refer in particular to the ECE Agreement of 31 May 1985 on main
international rail routes (AGC) and of 15 November 1975 on main
international traffic arteries (AGR). The TEM project (Trans-European
North-South Motorway) involving Bulgaria, Greece, Italy, Yugoslavia,
Austria, Poland, Romania, Turkey and Hungary is of particular importance
to the countries of Central and Eastern Europe. The aim is to establish
a motorway-standard trunk road network from Danzig to Athens and from
Venice to the Eastern frontier of Turkey. Work began in 1977; it is now
about 16 % complete. A similar project for railways was launched by
Poland in 1985 and is about to be finalized as a United Nations
Development Programme. This TER (Trans-European and North-South
railway) project, the implementation of which will require a sound
investment programme from now to the year 2000, deserves closer attention
in relation to the efforts to establish a European high-speed network.

17. As there is no binding timetable to accompany these large scale
infrastructure programmes further coordination will be required to
establish medium-term priorities for the execution of such projects,
taking traffic forecasts into account. The study being carried out by
the Commission together with the ECE to draft a scenario for the future
development of traffic in Europe could be most valuable here. Timely

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\(^7\) See also the current negotiations between the Community and Austria and
Switzerland on transit traffic.
planning of new projects on the basis of traffic forecasts can help prevent bottlenecks and black spots in the East-West and North-South artery routes in Central and Eastern Europe.

18. Priorities and planning in traffic infrastructure policy can not, of course, be based solely on an analysis of demand. The scenario of European mobility is a necessary but not the only factor in setting political priorities. Infrastructure policy has to fit in with a general political plan for a European transport system. The groundwork has been done in the European Community but binding decisions have yet to be taken. Nevertheless, or perhaps for that very reason, concerted action between the European Community and its neighbours on the main goals and tasks of transport policy is called for. In the process, answers will have to be found to contemporary transport problems, some of which are listed below:

- Individual mobility - by road, for instance - is seen as the epitome of personal freedom and particularly in the countries of Central and Eastern Europe. It is particularly necessary therefore to reduce the environmental damage caused by individual transport - bearing in mind also other types of emission - so that the ecosystem can continue to exist in the long term. No technical solutions to this problem have so far been devised. Political measures are therefore necessary to make environmentally acceptable technology profitable.

- Due to the enormous number of private vehicles on the roads in conurbations and the main transport axes, traffic jams are increasing. Steps must therefore be taken to ensure the complementarity of an efficient public transport system with private transport, for instance, by building a pan-European high-speed rail network.

- The objective in air transport is to create a single pan-European market with an efficient, uniform air traffic control system and extensive harmonization of high safety and environmental protection standards.

- As regards shipping, if the fleets of the countries of Central and Eastern Europe operate according to free market principles, the European states and the USA and Japan should develop a common strategy in order effectively to combat unfair competition and to improve protection of employees and the maritime environment.

- It is urgently necessary to develop viable technical and commercial means for enabling transfers from one mode of transport to another, for instance, combined transport links in the transport of goods or the inter-linking of individual and public forms of transport in passenger transport.

Satisfactory solutions will only be possible if all transport policymakers in Europe agree on similar or at least compatible plans. The Community as the core of European integration and economically the most developed area should play a leading part in this process, by developing

See the series of reports on basic transport policy drawn up by the European Parliament's Committee on Transport, the last being the Anastassopoulos reports (Doc. A2-84/85 and A2-96/86) and the Amaral report (A3-306/90)
the basis for its own transport policy and using all possible fora for international contacts in seeking to bring development throughout Europe on to a parallel course.

19. One specific example of an urgent need for action across Europe is air traffic control, which at present is handled in Europe by 42 centres using 22 different technical systems. As there are already ATC bottlenecks and aircraft movements within Europe are forecast to double by the year 2010 from 4 to 8 million per year, the introduction of a uniform system based on an appropriate number of control centres is absolutely essential. The time is ripe to include the countries of Central and Eastern Europe in the moves to set up such a system.

20. Another example is the development of a European combined transport network, for which the Council of Ministers of Transport of the Community issued a mandate on 30 October 1990. The inadequate road systems in Central and Eastern Europe and the fact that most goods transport is still carried by rail there offer great scope for preventing an imbalance between modes of transport, by timely action to encourage combined transport. The countries of Central and Eastern Europe should therefore be included from the start in setting out a European network of main arteries for combined transport and high capacity terminals, and in particular be given Community financial aid to construct such terminals without delay. The study at present being carried out by the Inland Transport Committee of the United Nations Economic Commission for Europe on the establishment of a network of important international combined transport lines and related installations should therefore be followed with great interest.

21. In each case the proper institutional framework needs to be established. In addition to the transit agreements mentioned above, there need to be medium-term agreements on market access and traffic rights, and specific harmonization measures especially in respect of road transport, inland waterways transport and air transport. These matters might well be covered the cooperation on the basis of future association agreements. The Community's present association agreements with third countries do not, of course, contain any substantial provisions relating to transport policy. Free trade agreements and transport agreements go hand in hand in the creation of a larger economic area. However, they are not normally so interdependent as to justify postponing the conclusion of one until the other is also ready for signature. The target should therefore continue to be the settlement of bilateral matters in specific transport agreements.

22. At multilateral level, it will initially be a matter of improving the efficiency of existing institutions, especially by strengthening the role played by the European Community, as represented by the Commission, in relationship to the representatives of the Member States. On the assumption that a satisfactory solution will be found to the institutional dispute within the Community, and the Community will be capable of uniform action within such fora, the European Conference of Ministers of Transport, for example, might play a role in helping coordinate European infrastructure development, or the European Civil Aviation Conference in contributing towards a future European air traffic control system, especially if the countries of Central and Eastern Europe are admitted.
Individual bilateral matters

23. Bearing these general considerations in mind, we shall now consider the Community's interests in respect of the various individual countries of Central and Eastern Europe:

24. Czechoslovakia

Transport links with Czechoslovakia are of particular interest to southern and eastern Germany and to Austria, which is a Member of EFTA. Ways of linking Prague into the European high-speed rail network (i.e. by developing the Berlin-Dresden-Prague-Vienna and the Prague-Nuremberg line) should be considered. The construction of a motorway between Dresden and Prague, closing the gap in the alternative transit route from Greece to Germany from Bratislava to Berlin as well as the extension of the Prague-Plzen motorway to Nuremberg would seem to be special priorities. On the basis of international agreements, Czechoslovakia has inland waterway access to Hamburg on the North Sea. In respect of civil aviation, we shall have to await the development of the Czech State airline, which has now joined the Association of European Airlines. A next step would be cooperation also on governmental level, e.g. in ECAC. Projects for an artificial inland waterway link between the Oder and Danube deserve careful study.

25. Poland

Poland has a great interest on the one hand in the maritime transport links with the Scandinavian EFTA countries and on the other in the development of East-West routes between France, Germany and the Soviet Union. With respect to rail transport, in addition to the TER project in the context of which the Warsaw-Cracow line is fairly developed, there is the prospect of extending the high-speed line from Paris-Brussels-Cologne-Hanover-Berlin to Warsaw and (possibly) on via Brest Litovsk to Moscow, although of course the problem of the Russian broad gauge will have to be solved. As regards road transport, the Community will have an interest in extending the main East-West routes (Berlin-Warsaw and Dresden-Wroclaw-Cracow) The only inland waterway of international importance is probably the river Oder, which forms part of the border, but this will in practice be solely of interest to Germany and Poland unless the above-mentioned artificial link is considered.

26. Hungary

The short-term goal is to extend the European high-speed rail network beyond Vienna to Budapest, which is already being served by Eurocity trains. A further possibility would be to extend the high-speed link to Belgrade via Szeged. In respect of road transport, the Community needs to consider whether because of the political problems affecting the Vienna-Budapest-Belgrade transit route to Greece it might not be better to give priority to a route via Prague, Budapest and Sofia, if transit rights could be agreed with the countries involved. The Republic of Hungary has already asked the European Community for cooperation in the field of transport infrastructure and it has proposed the conclusion of a transit agreement. Further the Hungarian government considers conceivable more ambitious steps like a sectoral association agreement.
In civil aviation, MALEV, the Hungarian airline, which already works with the AEA, will perhaps be the first to enter the competitive Western European system, and lead the way for others.

27. **Bulgaria**

Sofia could be linked to a European high-speed rail network via Belgrade. The possible link with Greece via Sofia and Bucharest and on to the Soviet Union (Kiev, Moscow) calls for closer examination. In respect of road transport we would once again refer to the Bulgarian proposal for an alternative road transit route from Thessaloniki via Sofia, Budapest, Prague and Dresden to Berlin, which would however require large-scale infrastructure projects in Bulgaria in particular.

28. **Romania**

Since the beginning of 1990 Romania has implemented provisions for the gradual privatization and decentralization of the transport sector - with the exception of the railways and infrastructures. It is intended to bring about these changes over a transitional period of about 2 1/2 years. In the context of privatisation of road haulage the Romanian government seeks a relevant increase of quotas for licences granted to Romanian hauliers for travel to Community Member States. As for the improvement of infrastructures the development of tourist areas is considered an important criterium. As to the railways it is planned to build two new lines (filling gaps in the national network) and to complete electrification and double track on all main lines. The road construction programme envisaged until the year 2010 would require investment of about 5.5 billion US-Dollar. Priority is given to the major routes of Arad-Bucharest, Belgrade-Bucharest and Bucharest-Constanta. The Romanian government is interested in models of private financing of rail and road infrastructure involving participation of foreign capital - e.g. in the form of granting concessions. As to inland navigation it is hoped that international interest would increase traffic on the Danube-Black Sea-Canal from at present 13 mio tons annually (almost exclusively national traffic) up to 20 mio tons annually by 1995 and thus reach the break even point of profitability. In the field of civil aviation membership of ECAC and EUROCONTROL is envisaged and it is intended to adapt airport infrastructures and air traffic control equipment to the standards set out by these organizations.

29. **Yugoslavia**

Under the first and second financial protocol to the existing cooperation agreement the Community interest in expanding transit links between the frontier crossing points to Italy and Austria in the North West and Greece in the South East have been underpinned by substantial loans for railway and road projects. The third financial protocol will provide for another 580 MECU loan for the development of the transit routes, for the first time accompanied by an interest subsidy of 77 MECU granted from Community budgetary credits. As a Member State of the ECMT, Yugoslavia already plays a part in the coordination this involves. In its bi-lateral relationship with neighbouring Community Member States there have recently been considerable differences of opinion, in respect of Greece in particular over the size of transit quotas and transit charges, and with Italy also over competition between the Italian and
Yugoslav northern Adriatic ports. Future developments will depend largely on how Yugoslavia solves its internal political problems, whether economic reforms allow for progressive opening up towards the European economic area and whether a government in control of events will be able to push ahead with the major infrastructure projects which have been started. Even if the Community finally does achieve favourable transit arrangements with Yugoslavia, the option of dividing transit traffic between two separate routes should not be ignored, in view of the experiences with the Alpine countries. In this context greater consideration should be given to the ferry services between the Greek ports of Patras and Igomenistra and the Italian ports of Brindisi, Bari, Ancona and Trieste. Efficiency on these routes could be greatly improved, particularly if the feeder services Athens-Patras and Volos-Igomenistra are developed.

30. **Albania**

A draft common strategy for transport links with Eastern and Central Europe should not exclude Albania, even though the Balkan country has been the last to be affected by the wind of change. Elections with the participation of opposition parties have been held at the end of March but it is still rather early to say, whether the move towards democracy and a new socio-economic system is strong enough to overcome all the obstacles. From the angle of transport, there is however a number of factors worth considering if and as Albania draws closer to the European community of democracy nations. With particular regard to the E.C., the old Egyptia road, transit links through Albania to Yugoslavia, connections with Greece and transit from Greece to Italy, as well as ferry links between Italian and Greek with Albanian ports might become increasingly important. The delay in the changes in Albania has not allowed, however, the rapporteur to go in depth on these matters in this report.

31. **The Soviet Union**

The key to future development of the transport markets in Central and Eastern Europe will be the course taken by the Soviet Union over the next 20-50 years. If the first signs of the intention of opening up the huge economic potential of this country to the trade in goods and services on the world market should be confirmed, the opening up of the transport routes mentioned above, which may to many today look like political cloud-cuckoo-land, may end up as economic necessity. We cannot, of course, anticipate these developments, but must keep a close eye on them. Should the process of democratization take its logical course, cooperation in the field of transport may well develop in the framework of the existing trade and cooperation agreement. Two areas might in the meantime serve as test cases, where transport relations already exist. In shipping, where competition between private and state-trading carriers is at present unequal, it will have to be seen if and when freight rates reflect actual costs. In civil aviation, the Soviet Union's willingness to cooperate will be measured by the extent to which Community air carriers are allowed to operate in the Soviet Union (e.g. with their own marketing facilities) and to overfly Soviet territory. Finally, the Transsiberian railway link, which now, after the Baikal-Amur line has been completed, annually carries over 1 million containers and thus constitutes serious competition for European sea links to the Far
East, raises interesting transport policy problems. The change of gauge between the Russian and the Polish railway network is still a problem facing East-West traffic, which could be resolved by using adaptable bogies for passenger trains and advanced combined transport technology including modern handling facilities at the border station for the transport of goods. Solutions by linking the Soviet Baltic port of Klaipeda to the German Baltic ports by train-ferry are also under serious discussion. If rail rates do reflect costs, competition between modes of transport is in accordance with the idea of a free market in transport. If nationally subsidised railway undertakings compete on price with the Community fleet, which is fighting for its existence in the international market and in the European Parliament's view would also be supported from public funds, this can no longer be regarded as the operation of market forces and political corrective measures would have to be contemplated.

32. In the short run a specific problem has to be faced because of the bottlenecks at the border railway of stations Brest and Cop. Aid to the Soviet Union from various Member States has resulted in an enormous quantity of goods which now appear to be blocked at the bottlenecks in the railway system between Poland respectively Czechoslovakia and the Soviet Union, where the change of gauge has to be managed by unloading goods from continental European standard track wagons and loading them on Russian wide track wagons. It also seems that transport capacity for distribution of aid within the Soviet Union is not sufficient or not efficiently employed. The Community should therefore seek to ship its aid on alternative, uncongested routes (e.g. through the Black sea or Baltic sea ports or forward it through Finnish ports by rail, as the Finnish railway has the same gauge as in the Soviet Union). Logistic help could also be offered for final distribution within the Soviet Union.

Practical problems to be resolved

33. In transport relations with countries of Central and Eastern Europe a number of problems still exist which have detrimental effects. These problems should be raised by the Commission in transport negotiations with those countries in order to find solutions by taking practical measures. It should be noted that not every item is of equal importance in all the countries in question and that the situation has improved in recent years.

The problems encountered in road transport include the following:
- long delays at borders,
- time-consuming, detailed border formalities,
- prolific paperwork,
- absence of service areas for commercial vehicles,
- high toll charges and taxes for transit vehicles,
- limited freedom of movement, set routes, restricted visas,
- the frequent imposition of heavy penalties, often payable in Western currency.

9 Opinion of 26 October 1990 on the basis of the second Sarlis report (Doc. A3-259/90)
The shares of transport are often distorted. In many bilateral transport relationships with the countries of Central and Eastern Europe, EC Member States have a very small share - sometimes below 10%. This is true of transport by road, inland waterways and sea.

Infrastructure and other facilities for transport often leave much to be desired. Besides the infrastructures as such, improvements are also needed in respect of:

- telephone and telefax facilities,
- computer facilities,
- computer reservation systems for civil aviation,
- air traffic control systems,
- clearance at airports,
- improved facilities for ticket sales by Western European civil aviation companies.

EC know-how and experience could prove invaluable in establishing systems in Central and Eastern Europe.

The problems in inland waterways involve:

- access to cargo,
- price dumping by Central and Eastern European companies,
- obtaining permits, extending visas, etc.,
- establishing enterprises,
- mutual recognition of certificates of registry.
MOTION FOR A RESOLUTION
B3-0252/90
pursuant to Rule 63 of the Rules of Procedure
by Mr KOHLER

on the need to define a new transport concept in connection with the
development of new traffic routes and flows in Europe following the changes in
Eastern Europe

The European Parliament,

A. whereas the rapid political, social and economic changes in Eastern
   Europe will result in new and more intensive transport links between the
   Community and Eastern Europe,

B. whereas the Community is as ill prepared as the Eastern European
   countries for these new developments in the transport sector,

C. whereas the transport infrastructure linking the Community and the
   Eastern European countries is extremely deficient and will be incapable
   of meeting the objective of closer economic relations in both passenger
   and goods transport,

Calls on the Commission to

1. develop a European, environmentally acceptable transport concept, with
   the emphasis on infrastructure, which takes the new political, social and
   economic developments in Europe into account, with the aim of initiating
   a transport policy for the whole of Europe in conjunction with the
   Eastern European and EFTA countries;

2. carry out a study on the transport situation and the new transport role
   of the Community regions bordering on Eastern European and third
   countries, with the aim of coordinating, at European level, an
   infrastructure programme to provide transport links between these
   regions, the rest of the Community and the countries of Eastern Europe.

ANNEX I
MOTION FOR A RESOLUTION
B3-1702/90
pursuant to Rule 63 of the Rules of Procedure
by Mr EPHREMIDIS and Mr ALAVANOS

on transit problems with Yugoslavia

The European Parliament,

A. whereas in 1988 the Council of Transport Ministers authorized the
Commission to negotiate a permanent solution to the problem of Community
transit by road with each of the third countries concerned: Austria, Yugoslavia and Switzerland,

B. whereas Greece is the only EEC country not to have a border with any
other Community country and whereas the bulk of its perishables are
transported to the Community by road, whereas, furthermore, any economic,
quantitative or administrative restrictions imposed by third countries
are prejudicial to freedom of movement throughout the Community market,

C. mindful of and concerned at the second successive blockade of the Greek-Yugoslavian border, on 16 June 1990, which, although allegedly
spontaneous, occurred with the complicity of the authorities in Skopje,

Calls on the Commission and the Council:

1. To spare no efforts in finding a fair and permanent solution to the
transit problem;

2. In view of the continuation of negotiations between the EEC and
Yugoslavia for the conclusion of the Third Financial Protocol with that
country, to ensure that any progress on this agreement is conditional on
a permanent solution to the problem of transit by road;

3. To urge the Government of Yugoslavia to take action in future to prevent
blockades of the Greek-Yugoslavian border or any other similar actions.
ANNEX III

OPINION

(Rule 120 of the Rules of Procedure)

of the Committee on External Economic Relations
for the Committee on Transport and Tourism

Draftsman; Mr Artur da CUNHA OLIVEIRA

At its meeting of 17 July 1990, the Committee on External Economic Relations appointed Mr da Cunha Oliveira draftsman.

At its meetings of 5-6 November 1990 and 28-29 November 1990 it considered the draft opinion.

At the latter meeting it adopted the conclusions as a whole unanimously.

The following took part in the vote: De Clercq, chairman; Stavrou, vice-chairman; da Cunha Oliveira, rapporteur; Braun-Moser, Ceyrac, Hindley, Magnani Noya, Melandri (for Aglietta), Peijs, Porto, Romera I Alcazar (for Gallenzi), Rossetti, Titley, Tsimas and Visser (for Junker).
In its report on motion for a resolution B3-0252/90, the Committee on Transport and Tourism decided to concentrate on the issue of relations between the European Economic Community and the states of Central and Eastern Europe. This topic is therefore discussed in particular detail in the present opinion, which focuses on road and rail transport.

1. The need to improve communications in Europe

The gradual completion of the European economic area is now characterized by the following three factors:

- the pace of the completion of the EC internal market is growing, resulting in the reorganization and restructuring of transport in line with the increase in trade which, it is hoped, will follow from this development;

- given the closer links between the EEC and EFTA, it is essential that the Member States of both organizations cooperate with one another in a way which reflects the growing interdependence of the two zones and the rapid development of transport technology (e.g. high-speed trains, new standards and new haulage conditions);

- the sudden rapprochement of the countries of Eastern Europe following the recent political changes makes it essential for transport between Eastern Europe and the West to be restructured, perhaps even completely remodelled, if the economic and commercial potential which has now been opened up is to be exploited.

Clearly, the development of trade with Central and Eastern Europe is important not only from the economic and commercial points of view, but also in political terms. This is one of the main areas in which the three 'circles' of Europe can and must cooperate to advance the unity of Europe as a whole.

Given the scale of the problems facing the countries of Eastern and Central Europe in all fields, it would seem unreasonable to ask them to make radical changes to their rail, road or air networks in the short term. At the same time, transport is itself a sector of international interest and the operating conditions, restructuring and modernization of this sector are dependent on international cooperation. Initial efforts should focus on relations with the 'transit countries'. The issues concerned are bound up to a very large extent with relations with the EFTA countries, for which the Committee on External Economic Relations has special responsibility. However, this is no reason not to take note of and lend support to the efforts being made in the countries of Central and Eastern Europe to transform centrally-planned economies into market economies and to modernize and privatize the transport sector. Such support could take the form of financial assistance for the renovation of existing structures and the creation of new ones or technical back-up measures and training for managers of existing and future transport undertakings, who need to be re-educated, inter alia, in new management and marketing techniques and modern information systems.
2. Current limits on transport to Eastern Europe and future prospects

2.1. Austria (borders with Yugoslavia, Hungary and Czechoslovakia)

Owing to its mountainous relief, the cost of constructing new roads, harbours and tunnels is abnormally high. National policy is oriented towards rail transport.

Austria restricts the volume of foreign road haulage in transit with Austria as its final destination through a quota system based on bilateral agreements. In 1978 it introduced a transit tax unilaterally, virtually presenting the countries concerned with a fait accompli’. In June 1989 it threatened to ban all lorries from using Community transit routes during the night (between 10 p.m. and 5 a.m.). Defining the standards to be met by 'clean lorries' should help to avert such extreme measures.

Over the last 14 years road transit traffic in Austria has increased by 465%, whilst rail transport has shown a 40% increase. In 1985, transit traffic totalled over 11 million tonnes by rail and over 19 million tonnes by road, the bulk of it between EC countries. Clearly, if Community transport alone has already saturated the Austrian network, the existing network will be quite unequal to the task of maintaining communications between the Community and the countries of Eastern Europe, which will then be paralysed. Transit traffic normally takes one of three routes:

- The Brenner route, which has a dual-track railway line, a motorway and a federal highway.

  Although it looks as though the motorway could cope with the predicted increase in traffic, the infrastructure and equipment of the railway line need modernization.

- The Tavera route has a railway line and a motorway. It needs an increase in capacity first and foremost, as it is overloaded at present. The motorway is completed on the Austrian side, but completion of the Karawanken tunnel has been delayed due to lack of funds on the part of the Yugoslav partner.

- The Pyhrn route offers only a road link between eastern Bavaria and Yugoslavia. This is the most direct route between northern Europe and Greece and the Balkans and should be developed much further. Austria would like financial aid from the EEC to carry out the necessary work. Austria's request for a Community contribution for the construction of the Pyhrn motorway dates from 1977 but has so far met with no success. In 1981 the Commission obtained a fresh negotiating mandate for a Community financial contribution, this time in order to 'complete' the construction of the Pyhrn motorway, but it was not accepted owing to a lack of budgetary resources. The Community budget for 1991 also contains no entry for aid to Austria in the transport sector. In any case, the Austrian Government favours combined rail-road transport.
2.2. **Switzerland** (no borders with Eastern European countries, but centrally situated in Europe)

The geographical problems are identical to those of Austria. Transalpine traffic amounts to 18 million tonnes, some 1.2 million by road.

Switzerland imposes no quotas for foreign road haulage in terms of volume, but enforces a 28-tonne weight limit on all Swiss and foreign lorries and has introduced a tax label ('vignette') for users of its motorway network.

Switzerland has refused to allow the Community a 'corridor for 40-tonne lorries' and has proposed the use of combined transport, which is acceptable to the Commission.

The necessary infrastructure is under construction. There are plans for a fourfold increase in capacity by 1993/94 and the excavation of two new tunnels (Lötschberg, St. Gotthard), to be completed in the next fifteen years or so. One of the risks here is that the additional costs arising from the taxes may prove prohibitive for exporters from Central and Eastern Europe. This applies particularly to vehicle taxes: SwF 20 per year for passenger vehicles, SwF 1500 for a 15-tonne trailer and more than SwF 3000 for a 28-tonne lorry.

Switzerland would, no doubt, be prepared to allow an increase in Community road haulage transit if the EEC Member States refrained from imposing their threatened ban on the free movement of Swiss lorries exceeding 28 tonnes in weight.

2.3. **Yugoslavia** (borders with Hungary, Romania, Bulgaria and Albania)

Of land transport between Greece and the rest of the EEC (estimated at 2.2 million tonnes in 1984), rail accounts for approximately 15%, while the remaining 85% takes the trans-Yugoslavian motorway from Greece to Austria. EC vehicles account for 40% of the road haulage tonnage.

- The infrastructure is inadequate and requires modernization and upgrading, particularly the Passau-Linz-Graz-Yugoslavia railway line and the trans-Yugoslavian motorway.

- A special discriminatory tax based on the number of kilometres covered and the weight of the vehicles is imposed on foreign lorries only.

- The quota of authorizations granted under bilateral agreements is inadequate.

- The slowness of administrative procedures and delays at the frontiers hinder the movement of vehicles. Here, the inefficiency of the local system forms a barrier to increased trade.

Recently (5 November 1990) it was announced that Yugoslavia would grant more than 2500 additional transit authorizations to Greek lorry drivers. Negotiations are also under way between the EEC and Yugoslavia, the aims of which include defining and planning Yugoslavia's principal road infrastructure, an EIB financing programme, with interest-rate subsidies, for infrastructures of Community interest, the drafting of a coordinated programme for rail transport and combined transport and fiscal harmonization.
2.4. Other Western European countries

In addition to the three countries mentioned above and all the EC Member States, Finland, Norway, Sweden and Turkey are members of the European Conference of Ministers of Transport (ECMT), which plays a fairly modest role.

Turkey, of course, is isolated and its infrastructure poor. As far as the Nordic countries are concerned, if negotiations with the EFTA countries lead to an improvement in the transport system of Europe as a whole, there will also be an indirect improvement in transport to Eastern Europe, particularly to the USSR via Finland.

However, mention must be made at this point of two Community countries, on account of their geographical situation: firstly Italy, which has a frontier with Yugoslavia and through which East-West trade links could be strengthened, by using either land transport or maritime transport, given that Trieste is an excellent seaport; and secondly, Germany.

2.5. Germany (borders with Poland, Czechoslovakia, Switzerland and Austria)

Following unification, Germany offers innumerable opportunities for transit between East and West.

It is estimated that by the year 2010 goods traffic between the FRG and the former GDR will have increased eightfold and that between the Western countries and the former GDR ninefold. It is also calculated that traffic between the FRG and the countries of Central and Eastern Europe will have tripled by that time.

Transport infrastructures in the former GDR were geared primarily to North-South movement. This will have to change. Moreover, rail and road links in East Germany have deteriorated so greatly that they are inadequate not only for the intensive domestic economic development which is now expected but also for the envisaged growth in East-West traffic. The high utilization rate of the rail network in the former GDR (24 500 tonnes/km) was the highest in Europe. It is estimated that investment of around DM 200 m will be needed to rebuild transport infrastructures in the former GDR: 90 m for rail networks, 80 m for road transport and the rest for seaports, airports and inland waterways. There are plans not only to extend the transport networks between towns in the two halves of the unified Germany but also to improve transit routes between the latter and Poland and Czechoslovakia as well as to build a new airport in Berlin.

2.6 The point of view of the Eastern European countries

Broadly speaking, the transport situation in Central and Eastern Europe can be summarized as follows: state monopolies, an absence of competition, inadequate management, a lack of investment (industrialization took place to the detriment of other sectors, in particular agriculture and transport), underdeveloped and ageing infrastructure, excessive demand for transport and pressure on existing resources, a lack of inland waterway ports, saturation of airports, seaports and railways, insufficient concern for the environment, etc. The economic backwardness of the countries of Central and Eastern Europe is also due to the transport system and its operating conditions, given that transport is one of the main driving forces in any economy.
At meetings held last year and this year by the EEC and G24, it was decided to assist the countries of Central and Eastern Europe to restructure their own economies, develop markets and raise the living standards of their people, for which purpose a number of aid programmes were devised and credit facilities granted. A new political and economic situation may arise with the East-West Association Agreements, in line with a favourable decision by the Economic Council on 28 April this year in Dublin, leading to a framework of cooperation for the coming decade which will be of practical benefit to the transport sector.

Several bilateral agreements have been concluded, notably with Hungary, Czechoslovakia and Poland. These agreements incorporate a section on cooperation in which frequent mention is made of transport. However, the exact nature and scope of the cooperation envisaged have yet to be defined. The standing committee on transport of the CMEA (COMECON) has proposed to the ECMT that the two organizations should work together, notably to develop cooperation on the economic, legal and administrative aspects of international transport, under conditions favourable to the creation of a common market in transport services, including unified standards with respect to the skills and professional competence of drivers.

A brief review is given below of some Eastern European countries for which recent data are available.

Czechoslovakia: Only 50% of the rail network is electrified. Czechoslovakia hopes that by the year 2000 its main rail lines will be integrated into the European high-speed network, one line of which will be the Hanover-Berlin-Prague route. France has already shown interest in assisting the development of infrastructure for a project of this kind. Other priorities for rail transport are to increase speeds to 100, 120 and 140 km/h, introduce a computerized, remote control traffic system and rebuild the link between the capitals of the federal states.

As far as road transport is concerned, the focus of attention is on links with the West, especially the Prague-Nuremberg route.

It is also hoped to modernize the airports of Prague and Bratislava. Austria is currently involved in the modernization of the latter.

Hungary: Only 15% of the Hungarian rail network is dual track and only 25% is electrified. Two thirds is equipped with outdated signalling and safety systems. Programmes are already under way to invest in the renovation, signalling and electrification of the main lines.

As regards road transport, 13 000 km, i.e. 50% of the national network, are in need of urgent maintenance work, while 5000 km are subject to traffic and weight restrictions after every winter. Demand for road transport has grown enormously, to the detriment of rail transport: between 1970 and 1990, the latter fell from 70% to 50% (tonnes/km) and from 70% to 40% (passengers/km). Five or six new airports need to be built in the main provincial cities in order to improve integration with the international traffic and attract investment.

Liberalization in Eastern Europe Gradual liberalization is taking place in the field of transport in the countries of Central and Eastern Europe.
In Hungary a law adopted by parliament at the beginning of 1989 provides for private ownership and management of small and medium-sized transport undertakings. There are already thousands of private transport operators. Participation by foreign capital in the transport sector is also allowed. Hungarocamion is a joint-venture operating internationally with 1800 goods vehicles and branches in Italy, the United Kingdom, Luxembourg and Austria.

In the same way 50% of the Hungarian airline MALEV has already been privatized.

Privatization of road transport has also begun in Czechoslovakia and negotiations are under way to set up a joint venture between CSDA and German and Dutch companies. At the same time, Air France and CSA are endeavouring to set up a kind of joint venture for flights between Paris and Prague.

In Poland, 55% of registered goods vehicles are privately owned and full support is given to participation by foreign capital, especially in haulage companies, which until now have been virtually non-existent.

The USSR is prepared to open its economy to foreign investment. Around 1500 joint ventures have already been set up there. A number of companies are already engaged in goods delivery and international transport. Investment has come mainly from Finland and the FRG. There is also a Soviet-American-Finnish company for the transport of chemical products, a Soviet-Japanese company providing a trans-siberian container service, a Finnish company providing a ferry service between Tallinn and Helsinki, a Franco-Soviet company running charter flights to African countries, around 70 joint ventures for sea transport and an American-Soviet company which aims to construct a new railway line linking Europe and the Far East. Lastly, Lufthansa and Aeroflot have joined up to carry out the modernization and reconstruction of airports in the USSR, starting with Sheremetyevo in Moscow.

Although there is no available data for certain Eastern European countries, as far as transport is concerned the same can be said of these countries as of those referred to above, as their past was identical and the path to be followed in the future is likely to be the same.

Conclusions

3.1. Political and economic liberalization and economic integration cannot be achieved or sustained without freedom and ease of physical movement; consequently, the necessary priority should be given to the area of transport between Eastern and Western Europe.

3.2. In view of the international importance of the transport sector, its reconstitution and modernization in the countries of Central and Eastern Europe can only be brought about through international cooperation; such cooperation, however, must be coordinated in the interests of rapid realization and maximum efficiency.

3.3. The first priority must be to improve coordination between the EEC transport networks and those of the countries of Central and Eastern Europe - in the first place, the rail networks (also on ecological grounds), and in the second place, the road networks.
3.4. Attention must, however, also be paid to maritime and inland waterway transport, in view of the need for infrastructures to accompany the growth and changing distribution of East-West traffic.

3.5. In addition to improving coordination between the respective transport networks, the EEC should include in the trade and cooperation agreements and in any association agreements with the countries of Central and Eastern Europe provision for financial support and technical assistance for the setting up and training of new transport operators.

3.6. Given that the EEC’s border with the countries of Central and Eastern Europe is formed by Germany in the north (with Poland and Czechoslovakia), Italy in the centre (with Yugoslavia) and Greece in the south (with Albania, Yugoslavia and Bulgaria), it is essential that the transit countries (such as Switzerland, Austria and Yugoslavia) should have an adequate infrastructure and that their openness in both directions be guaranteed.

3.7. To this end, the Commission must step up its technological/financial cooperation with the transit countries and the border regions of the Community which require it.

3.8. The role of the ECMT must be reviewed and further developed to include the countries of Eastern and Central Europe.

3.9. There is a risk that trade will continue to be paralysed - in the past this was essentially the result of political factors - by the complexity of inter-state regulations, particularly in certain EFTA countries. Negotiations with EFTA countries must include a new section on East-West transport with a view to encouraging and facilitating the latter.

3.10. Plans for the development of new forms of communications (lines for high-speed trains, motorways, new airports, etc.) must take into account the possible extension of these lines of communication to the countries of Eastern and Central Europe; the accompanying technical and legal standards must be drawn up to take account of such an extension and of the interests of all partners concerned and its impact on the environment and energy consumption so that the extra demand is taken up by the least damaging modes of transport.

3.11. Transport relations with the countries of Central and Eastern Europe must be based on the principles of reciprocity, non-discrimination and equality. In practice, this will entail greater efforts to secure:

- equal market access
- equal opportunities to set up in business or acquire businesses
- fair market shares
- the fixing of acceptable tariffs on the basis of the cost price principle.

3.12. On the basis of the above-mentioned factors, the road transport market should be liberalized to a certain degree with a view inter alia, to reducing the importance of bilateral quotas.
It is desirable that the developments in the EC civil aviation sector should encompass the countries of Central and Eastern Europe in addition to the EFTA countries. The EC can help Eastern Europe on civil aviation by lending assistance in the development of automatic reservation systems and the improvement of air traffic control systems, which often have inadequate capacity and are inflexible.

In order to prevent the burden of traffic resulting from the large growth expected in transport links with the countries of Eastern Europe falling mainly on the road transport sector, cross-border rail networks must be extended and modernized and better facilities provided for combined transport.

The countries of Eastern Europe should also take into account the need to construct high-speed passenger transport networks so that more Eurocity-type links can be provided with these countries. At the same time, the cooperation just starting in the area of ticket sales and other commercial activities related to transport must be expanded.

Inland waterway transport links must be greatly developed, certainly with a view to completing the Rhine-Main-Danube link, and for this reason navigation rules on the Rhine and Danube must be harmonized. Fair agreements must be concluded with the countries of Eastern Europe on the setting of reasonable prices, reciprocal access to markets, mutual recognition of charter parties, customs procedures, etc.