



*European Communities
Commission
Background Report*

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THE FUTURE OF EUROPE'S RAILWAYS

Commission Proposals for Better E.E.C. Service

Europe's railways face fierce competition from other means of transport and it is vital that they cooperate more closely, and even more towards integration in some fields, if they are to improve their competitive position.

The interests of the railways and of the Community as a whole would be best served by close cooperation - even in some cases by joint management bodies - in order to lower the costs of international transport, to make better use of Europe's rolling stock, to improve cooperation between rail and other forms of transport (such as road/rail links, for instance) and to improve the overall image and define the marketing policy of railways in general.

So far, the railways' own plans for cooperation have been limited to technical and operational improvements for the short and medium term. They have not really worked out a concerted long term strategy for joint development. They are limited themselves by the fact that this kind of strategy often involved political, governmental and national investment decisions which they, the railways, cannot take. The time has come for general political action, and the Council of Ministers must now consider these long term questions in order to help the railways to improve their strategic trading position.

These are the conclusions of a Commission report (COM 77/694) published on December 20, 1977, which details the progress made over the last two years since the Council of Transport Ministers' decision of May 20, 1975, which gave a fresh impetus to initiatives on railway cooperation, following the Resolution of May 1970 and the subsequent reports of the railways in 1971, 1972 and 1973.

A SHORT TERM PROGRAMME: The Railways' Plans

This is not to say that the railways have not already made progress. Following the Decision of May 1975, the Group of Nine railways had meetings with the Commission and prepared two reports: a list of infrastructure investment projects, to be given top priority; and a short term action programme, based on the work already done by the International Union of Railways in Europe as a whole, and also worked out in close liaison with the Austrian and Swiss Railways, to promote a harmonious western European network especially for goods traffic. The main items in the short term programme were as follows:

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Speeding up traffic

The Railways are trying to eliminate delays of various kinds. About a third of goods wagons are still delayed at frontiers for wagon inspections and documentation checks, which often have to be carried out twice. Bilateral and 'mutual confidence' agreements should eliminate this delay in the next year or two. The forwarding of documents is also being speeded up; and work is well advanced with applying the IUR measures for international labelling and sorts - (the mechanised sorting of wagons), and for forming international trains and sorts. The Railways also hope to harmonise their traffic schedules further. Direct telephone links between supervision centres, and standard bilateral agreements will also help smooth the path of international trains.

As far as the mutual exchange of rolling stock is concerned, passenger and standard built 'Eurofima' coaches are being exchanged between railways, but they find at present that goods wagons are forming into more specialized and hence limited fleets, and there is less room for mutual help here. The same applies to locomotives, often for technical reasons.

One area where the railways need help from governments is in reducing the delays still caused by customs formalities - over which the railways have no control.

Commercial Freight Programme

The Nine Railways have prepared a market research programme for the years 1977, 1978 and 1979 and commercial measures are being worked out to implement its conclusions.

However, the greatest problem with commercial freight is the question of how to harmonise the many, and differing tariffs, and here the railways have come up against difficulties which so far they have not seen a way of solving. Although international tariffs, independent of domestic tariffs have been introduced, the Nine Railways have not been able to find a harmonized tariff to cover complete trains, or heavy tonnage rafts of important bulky goods, such as coal, steel, cement etc. Nor have they been able to form a general harmonized system of tariffs for many other goods, because the tonnage rate classifications of goods varies so greatly from country to country.

There is not yet a policy on the use of privately owned wagons, or on the giant multi-axle bogie wagons as the fleets of these are still small. But work is in progress in the I.U.R. and the European Freight Timetable Conference on the fixing of guaranteed period delivery for small loads, such as parcels.

Finally, the Railways bring up the possibility of expressing rates in a single currency (e.g. I.U.R. franc) and the Commission would like more information on this. In turn the Railways point to the need for the Community to look at the cost of customs formalities.

A Package for Passengers

Passengers are going to be offered a more unified service. Five railways have already harmonized reduced rates for parties. British Rail will probably join them and Italian and Dutch railways are also sympathetic. Most railways also offer reduced rail passes for the elderly and the Group of Nine Railways is

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strongly in favour of general recognition of these passes. All railways now have the 'Eurailpass' unlimited travel season ticket except British and Irish railways and they have been asked to reconsider their position; and all the railways offer 'Inter-rail' facilities for the under 23s, whilst there are a number of 'inclusive' tariffs on offer (the Paris-London night ferry, for instance) and there will be more as the market demands. The European Passenger Tariff Conference (CEV) is also going to be asked to consider a new 'car plus passenger' special rate.

One other change which British Rail and the Irish railways are going to be asked to make is to lower the age limit for child fares from 14 to 12, to bring them into line with the rest of the Community.

Standardizing Equipment

Besides these changes, the railways have for many years been carrying out a programme for standardizing equipment between them, both coaches and wagons and assemblies; and the Commission has commented that it might be worthwhile making it obligatory on railway networks only to buy standard equipment.

THE COMMISSION'S REACTIONS AND PROPOSALS

The Commission takes the view that all the items in the Short Term Plan are positive, but that they do not go far enough. In particular, it is concerned about the complicated system of differing tariffs and feels that the Railways must get together to simplify the system, whatever the difficulties. Another area where the Commission wants action, and which is not covered in the railways' proposals, is the development of combined transport (e.g. road/rail) and this needs standardized installations and organization of transshipment, a better network of routes, preferably for complete trains, and a pricing system. The Commission itself is submitting proposals for combined traffic during 1978, but it urges the Railways to work on this too.

The Commission notes that in the question of customs formalities the Railways are dependent upon government action, but on all the other questions it urges them to form study groups, together where appropriate with the Commission, and independent of the IUR to form their own, Community policy.

Planning for the longer term

Above all, the Commission want the Group of Nine Railways to start work on plans for the longer term. And they want this work to start now. To speed up traffic at frontiers, the Commission recommends more efficient use of the Community transit system, by which customs clearance can be carried out inside the country instead of at the frontier; and pending mutual recognition certificates for health, plant and veterinary control, which will eliminate the double checking of goods, these checks could also be done during customs clearance, as above.

Investment

First there is the need for modernization of some infrastructure at frontiers. But of great significance is the policy to be followed jointly by the Nine for future investment to avoid the bottlenecks of the future, and for

adapting the management of the railways to future changes in the Community's economy. This means a coordinated programme which may sometimes conflict with profitability at a national level. So the Commission has already recommended two measures to the Council of Ministers: a Decision and a Regulation. The first is designed to improve consultation between Member States about the importance to the Community of projected improvements in major rail links; the second would make Community Aid available to national railways for projects which are of Community, rather than national priority.

Common Commercial Interest

A major breakthrough for cooperation would be made if a policy of common interest could be established. At present railways have to be individually profitable, and any sacrifices made for the Community are not compensated. The Commission would like to see inducements, including possibly some pooling of revenue, to commercial cooperation, and stresses that this needs political action by national governments. This matter will be further discussed in the Commission's report on Integration at the end of 1978; and the Council will also be sent further proposals in due course.

Stock and Equipment

Finally, the Commission calls for an overall plan for investment in rolling stock so that the Community as a whole can have the right production plan for its needs; and also for programmes to help standardise stock, equipment, and items such as sub-assemblies for passenger stock, so that there can be more open tendering for contracts between countries. Both sets of programmes have already been discussed by the Directors General of the railways under the chairmanship of Viscount Davignon, Member of the Commission, and a working party on public contracts is being set up.

The report concludes that while much of the preparatory work for these and other measures can and should be done by the railways, with every assistance from the Commission, there are many areas especially in the medium to long terms developments, where Community and government action is needed, and the Council of Ministers is asked not only to approve the short term programme of the Group of Nine Railways, but also to take a decision on the Commission's longer term proposals in the report.

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