

**Bulletin
of the European Communities**

Supplement 16/73

**Communication of the
Commission to the Council
on the development of the
Common transport policy**

(submitted to the Council by the Commission
on 25 October 1973)

COM(73) 1725
24 October 1973

Cover title: Common transport policy: Objectives and programme

**EUROPEAN COMMUNITIES
Commission**

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Introduction

1. The time has come to give a *new impetus* to the development of the common transport policy.

Since the general guidelines defined by the Council in 1965 and 1967, there have been *substantial changes*, both in economic and geographical terms and as regards society's requirements. Considerable changes have also occurred in the transport industry. The *enlargement* of the Community has given a new dimension to the action to be taken at Community level in transport matters, within the Nine, because of changes in traffic flows and the means of transport used, and in relation to non-member countries. The common transport policy must make a substantial contribution to the attainment of the objectives laid down in particular by the *Summit Conference* in October 1972, which place growing emphasis on the human factor, on regional development and on protection of the environment.

The common transport policy has not made striking progress in recent years. The practice of adopting at intervals partial and limited measures extracted from the Commission's proposals slows its development. The Community needs, on the contrary, to *work out an overall approach* enabling it to respond, in the medium and long terms, to the requirements of a society and an economy which are in the midst of profound change.

2. The guiding principle behind the concept of the common transport policy, as it was developed by the Commission in its 1961 Memorandum, was that *transport undertakings and users should benefit from the advantages of competition*. The measures proposed since then, which have only been adopted in part, are aimed at this objective. Some of them are intended to bring closer the conditions of competition between transport undertakings and transport modes. Others are intended to organ-

ize the transport market, whose operating rules should be as close as possible to those of a free market economy.

This approach should now be *followed up and extended* to take account of current economic and political developments, including the working out of structural policies for the Community. The common transport policy *should contribute* to the implementation of these policies.

3. The Council already has before it a working document by the Commission's staff,¹ which was intended to serve as the basis for a *dialogue* with the Council with a view to defining more closely the role of the common transport policy in the enlarged Community. The Commission now presents a communication on the *objectives and action* which it considers essential if transport is to meet the requirements of the new economic entity.

4. The Commission recognizes the differences of interest and of opinion which exist in transport matters. It believes that a *dialogue between Community institutions*, first of all within the Council and then through exchanges of views with the European Parliament and the Economic and Social Committee, could help to resolve these difficulties.

In addition, the Commission regards these dialogues and exchanges of views as a useful means of obtaining the necessary information for deciding on the *contents and order of priority* of the measures to be taken. The Commission will present to the Council proposals for common rules within the context of the long-term objectives and guidelines and the programme for action in the short term set out in this Communication.

The Council, for its part, should *quickly adopt* those measures whose examination is sufficiently far advanced.

¹ Bull. EC 6-1973, points 2257 and 2404.

5. This Communication refers in Part I to the changes which have taken place in the transport sector and in society itself (Chapter I), goes on to set out the requirements which the common transport policy must meet (Chapter II) and the role of the public authorities (Chapter III), and describes a Community transport system which would meet the needs of economic union (Chapter IV). In Part II, the Communication sets out a programme of action (Chapter V).

Part I

Analysis, objectives and instruments

Chapter I

Analysis of the development of the transport sector

A. The existing tendency towards expansion

6. Community transport accounts for about 6% of GNP (both transport and communications), as compared, for example, with agriculture's 5%. If own-account transport operations and transport by private car are also included, the figure is nearly 15%.

The share of transport in *total investment by firms* in the enlarged Community can be estimated at between 15% and 20%. Transport accounts for 40% of gross fixed asset formation by the *public authorities*, the percentage of whose total expenditure which went towards transport infrastructure doubled between 1960 and 1970.

In the nine Member States transport's share of final *energy* consumption can be estimated at 16% (13% of which is accounted for by road transport alone).

The *total numbers employed* in transport in the nine Member States can be put at several million, including 1.3 million employed by the railways.

7. The development of the transport sector over the last ten years shows a *marked expansion*. Total goods traffic within the Six increased by 42% between 1963 and 1970.

Total *national* goods traffic for the Six can be estimated for 1970 at more than 6 000 million tons. In addition, their internal transport of crude oil by pipeline was over 95 million tons in the same year.

Transport by *private car* in the Nine almost doubled over this period, to reach about a million million passenger/kilometres in 1970. At the same time the number of private cars also doubled to a figure of more than 55 million, or one car for every 4.5 people.

In contrast, *public passenger transport*, other than air transport (where the number of passenger/kilometres increased by 163% between 1963 and 1971), has increased hardly at all.

The individualization of transport, that is the shift from public to private transport, is one of the main reasons why the share of expenditure on transport and communications in private consumption within the Six increased from 8.5% in 1961 to 11% in 1971.

8. Transport has made a substantial contribution to the growing inter-penetration of national economies within the Community. *Trade between Member States* has increased sevenfold since 1957 at current prices, and the ratio between trade and GNP has risen from 4.24% to 8.82%.

International goods traffic between Member States by the three forms of inland transport and by sea transport reached in 1970 342 million tons for the Six and some 420 million tons for the Nine, after growing at 10% per annum in the period 1963-1970. In addition, international traffic by pipeline of almost 71 million tons of crude oil took place between the six Member States in 1970.

9. Any record of the development of transport over the last few years would be incomplete if it failed to refer to the *loss of human life*, to the injuries, and to the *social cost* of the expansion of transport.

In road transport in particular, one of the consequences of expansion has been that 60 000

people are killed and 1 500 000 injured each year in road accidents in the nine Countries.

Quite apart from environmental problems, the cost to the community of meeting the needs of public transport has continued to grow. For example, the aggregate deficits of the national railways of the Six, after deduction of costs met by the States, rose in 1971 to 1 400 million units of account, ten times as high as in 1960.

B. Considerations affecting future development

10. The factors behind the expansion of the transport sector *will continue* to exert an influence during years to come. This will be true of the quantitative factors, such as the growth of the gross national product and the increasing interpenetration of national economies within the EEC. It must also be true in the case of the qualitative factors, such as the desire of transport users for constantly improving services corresponding more and more to their personal requirements, and the development of new transport techniques.

11. Nevertheless, certain factors *cast doubt on the wisdom of simply extrapolating* the trends observable in transport in recent decades.

(a) Problems of growth

12. The expansion of the transport sector has many positive sides, but the growth must conform to the requirements imposed by the good of society. It is increasingly running up against *inescapable limits* which arise from economic and technological developments in highly industrialised countries with dense populations. Congestion is tending to nullify the effects of increases in transport capacity and to increase social costs to a disproportionate degree. At the same time public passen-

ger transport is often in decline, and this makes the situation worse.

Natural resources (available land, energy) are gradually becoming scarcer, which increases the significance of the waste which can result from a wrong choice between different transport techniques designed to satisfy the same ends. The need to protect mankind more effectively from the points of view of the environment (pollution and noise, for example), and of safety entails costs which often exceed the advantage gained by the transport user.

The development of the transport sector is inevitable and necessary, but the development needs to take forms which do the least damage to the community.

(b) Changes in economic geography

13. Europe's economic geography has changed considerably following the need to rely more and more on *external sources* of raw materials (oil, iron ore, non ferrous metals), a tendency which has been encouraged by the fall in relative terms of bulk sea transport costs.

The importance of the sub-soil as a factor in the siting of industry has declined. The role of transport as a factor affecting regional development has been *reinforced* by the accelerated expansion of industrial growth areas and by the widening of the range of potential industrial areas, though these zones do not necessarily coincide with the less developed regions.

(c) New transport techniques

14. As new methods of transport are developed, the harmonious integration of the various elements into a single system is more and more difficult to achieve. The appearance of improved techniques alongside existing ones may well give a *wider choice* to the user, but it

may at the same time *worsen* congestion problems and bring the risk of *wasted resources*. The different techniques should be genuinely complementary to prevent their multiplication from producing only a slight gain for society. The problem of the penetration of urban areas by inter-urban traffic flows is an example of this.

C. National transport policies and the needs of economic union

15. The Member States are well aware of the evolution referred to above. They are starting to deal with it by revisions of their own transport policies. The governments of some Member States are currently developing plans of this kind. But to the extent to which the intervention of the public authorities in transport is confined to the national or bilateral level, there is a risk of *increasing the 'compartmentalization'* of national transport policies; a compartmentalization which is still with us despite fifteen years of efforts to implement a common transport policy.

16. Intervention by the public authorities in transport is clearly necessary. However, the divergences between the various interventions of the authorities at national level and the related rigidity of national transport arrangements led the authors of the EEC Treaty in 1957 to provide for a common transport policy for the common market. But the objectives which the Council laid down between 1965 and 1967 by a series of key decisions have only been achieved to a very partial extent.

17. With a view to achieving some liberalization of the transport market, the common transport policy envisaged a harmonization of competitive conditions (particularly social and fiscal conditions) within each mode of inland transport and between modes. But although a number of proposals have been made, not enough harmonization has so far been achieved even to lead several Member States to accept a

certain degree of market liberalization in road transport, the mode of transport where liberalization seemed the most urgently required.

18. It is enough to recall the situation which exists in *international road transport* between Member States. Depending on the journey in question, transport for hire or reward is either free, or subject to authorization, or subject to permits granted within a quota system. The nature of the authorizations varies from one type of journey to another (period of validity, freedom to pick up a return load, etc.). The basis for international transit within the Community varies from state to state. Own account transport is sometimes free, sometimes subject to quotas. The arrangements for combined transport are inadequately developed and are not harmonization as between Member States. It is important to emphasize that by virtue of article 75 of the Treaty, common rules applying to international transport, and the conditions under which non-resident transport undertakings may be allowed to engage in national transport activities within a Member State, should have been drawn up during the transitional period.

19. The efforts which have been made to eliminate impediments to trade and to create a common transport market have not fully succeeded, and the common transport policy is in an impasse.

20. To ensure that transport makes an effective contribution to the pursuit of society's well-being in economic union, it is necessary to *find the way forward*. Measures should be taken through the common transport policy to prevent purely national action, however justified it may appear, from leading to the retention of existing, or even the creation of new, impediments to the progress of economic integration.

21. The difficulties which must be resolved in order to achieve harmony between economic growth and the quality of life can only find

genuine and economically acceptable solutions at Community level. The creation of Community transport arrangements will, for example, contribute to dealing with traffic congestion and the disequilibria resulting from changes in economic geography. In particular, new techniques of high transport require a Community network.

22. At the same time, in order that these new techniques should be developed effectively, so that the different means of transport are complementary, it is advisable to arrive at Community choices in the context of research, manufacture and installation of the new techniques.

23. To sum up, the common transport market has not yet been achieved. To prevent the situation from worsening, the Community needs to define the aims of its common transport policy.

Chapter II

Objectives and scope of the common transport policy

A. Objectives of a common transport policy

(a) The Treaty of Rome¹

24. Pursuit of the general objectives of the Treaty within the framework of a common transport policy, as envisaged in Articles 3 (e) and 74 of the Treaty, requires the *progressive introduction of coherent Community transport arrangements capable of meeting the requirements of economic union and of society at the least cost to the community*. On the effectiveness of these arrangements will depend in large measure the optimum utilization of factors of production and development in the interests of improving living and working conditions.² The specific objectives of the 'Transport' title of the Treaty of Rome (Articles 75 to 84) remain the basis of action in this field, due account being taken also of the fact that the general provisions of the Treaty apply to all sectors of transport, to the extent that derogations are not expressly envisaged and without prejudice to special dispositions drawn up within the framework of the common transport policy.

25. The purposes of the Treaty for the transport sector have not yet been achieved; Community action must, therefore, as in the past, continue to *remove remaining impediments* to the free circulation of transport services and

¹ The Treaty of Paris, setting up the ECSC, also includes provisions about transport (Article 70), but directed only to the interests of coal and steel consumers: it does not envisage a common policy for coal and steel transport though some transport measures have been taken, such as direct international tariffs.

² Preamble of Treaty of Rome.

harmonize the framework within which the activities of the different transport modes and undertakings are exercised. It must also *provide instruments* enabling the play of market forces to be corrected where required (e.g. tariffs and capacity control).

But this concept of the common transport policy must be *widened*. To rest content with ensuring the proper functioning of transport activities is no longer enough if the developments described in the previous chapter are to be faced effectively. The public authorities of the Member States and the Community should, in close collaboration, put right the deficiencies which can be seen today.

26. It is *in no way a matter of rejecting* the guidelines of the common policy followed thus far, particularly that which regards the market economy as an effective means of allocating resources. It is rather a matter of *complementing them* with guidelines aimed at organizing transport's contribution to the attainment of the objectives defined by the heads of State and Government in Paris in October 1972.

(b) Contribution of transport policy towards the attainment of the objectives of the Paris Summit Conference (October 1972)

27. Transport must *contribute* to overall development within the framework of the guidelines adopted by the Paris Summit, which stressed the need to :

(a) strengthen the Community by forming an economic and monetary union as the basis of social progress and as a remedy for regional disparities;

(b) enable disparities in living conditions to be reduced by means of economic expansion (improvements in the quality of life and in standards of living);

(c) pay special attention to non-material values and to protecting the environment;

(d) develop international trade with all countries, taking into account the interests of the developing countries.

The Heads of State and of Government thus emphasized the need to make Community action meet the needs of its peoples. This '*human face*' which must be given to Europe accentuates the socio-economic character of Community action and of the Community policies through which that action must be expressed.

The common transport policy must, indeed, constitute a *factor for social progress*, making, on the one hand, the best possible response from the Community's standpoint to transport needs and, on the other, a contribution to improving the living and working conditions of those employed in the sector.

28. While making its contribution to these general aims, the common transport policy must, while retaining its special characteristics, move in the direction of *closer links with the other Community policies* through which the aims are also pursued. It should be implemented, like these other common policies, 'with due regard for the parallels between the progress of monetary union on the one hand and the convergence of economic policies and the development of joint action in the regional, structural and social fields on the other',¹ with a view, especially, to making an active contribution to a more balanced development of the regions.

29. The paragraphs which follow give examples of some of the connections between transport and Community policies and measures in other fields. The Commission is not yet able to describe in every detail the links between the common transport policies and those other policies. So it confines itself, for the present, to suggesting some general considerations and giving some examples. How-

¹ Resolution of the Council and of the Representatives of Member State Governments, 21 March 1972. OJ C 38 of 18.4.1972, page 3.

ever, it must be emphasized that the main contribution which transport can make to the attainment of the objectives of the Paris Summit is to be efficient and to operate at the lowest cost to the community.

1—Transport and regional policy

30. Public investment in transport infrastructure is an *essential basis* for the development of structural policies, particularly regional policy and planning. A common transport policy, covering the field of infrastructure investment, should contribute not only to developing the less favoured regions but also to reducing congestion in overcrowded areas.

Regional planning cannot be achieved simply by shaping transport networks. *Means of financing them* must be available at Community level. Proposals to this end have already been made by the Commission.¹ Moreover, the Community's transport arrangements should make a general contribution to the mobility of labour.

The Commission recalls that it has already forwarded to the Council an aide-memoire on transport as a means of furthering regional policy and regional planning on a Community scale; this includes a more detailed description of the role of transport in this field.²

2—Transport and social policy

31. Quite apart from the application to the transport sector of the common rules on the free movement of labour within the Community, working conditions as well as the make-up of vehicle crews constitute an *important factor affecting the competitive conditions* which determine the costs of transport undertakings. Their harmonization in the cause of social progress, for the three forms of inland transport, is thus an essential contribution to the proper functioning of the common transport market. Some harmonization of working conditions should also be envisaged for air and sea transport and for ports.

In addition to problems of competition in transport, which have both social and safety aspects, other matters in the area of *social policy* proper also affect the common transport policy. Social policy in transport, within the general programme of social action, covers in particular the fields of employment, working conditions, vocational training, social security and industrial health and safety.

In the case of *employment*, it is right to emphasize that technical development in transport and adaptation by transport undertakings may bring problems which need to be solved, with particular reliance on retraining, in a cooperative spirit and with full respect for the right to work. If necessary, the Social Fund should be called upon to finance the necessary readaptation for transport workers.

All these objectives should be pursued by means of *concertation with both sides of industry*.

3—Transport and fiscal policy

32. Within the framework of the Commission's proposals for a common system of charging for the use of transport infrastructure³, specific taxes should, to the extent that they need to be retained, become instruments of that tariffication. In so far as these taxes fall on commercial vehicles or their fuel, their structure and level should be determined exclusively as a function of factors related to infrastructure costing.

These measures also have links with the question of harmonizing duty on mineral oils and must satisfy the criteria of that harmonization and, in particular, allow the dismantling of fiscal barriers in this field. The measures do not prevent the imposition of supplementary taxes on private cars or their fuel.

¹ OJ C 86 of 16.10.1973 and Bull. EC 7/8-1973, point 1201: 'Regional Policy: concrete implementing proposals'.

² Bull. EC 11-1972, point 57.

³ Bull. EC 5-1971, point 77 and 11-1971, point 47.

33. Goods transport is, according to the terms of the first Council Directive, of 11 April 1967, on turnover taxation,¹ compulsorily subject to the common system of VAT. The draft sixth Directive, which the Commission forwarded to the Council on 29 June 1973,² envisages the extension of this system to passenger transport, except for international sea and air transport, which are temporarily exempted until 31 December 1976.

As passenger transport usually has the character of final consumption it is desirable, with a view to avoiding distortions of competition between modes of transport within a single Member State, that the same rate of VAT should apply to all transport modes.

4—Transport and industrial policy

34. An efficient and economic Community transport system will increase *competition* and encourage *specialization* in all sectors of industry.

The existence of such a system, leading to a *better knowledge of present and future demands* for transport equipment, will make a marked contribution to the efforts which are in hand towards a restructuring of European industry, and will allow industry to derive the maximum benefit from an extended market. The transport sector is an important buyer of goods and services. It is in its interests that industry, in supplying the various means of transport, should be in a position to furnish equipment giving the best service at the lowest cost.

At another level, transport undertakings need to have at their disposal as soon as possible the main instruments of industrial policy in order to benefit, in the same way as other enterprises, from conditions enabling them to adapt to the scale of the European market and to the advantages of an integrated economic area.

This will mean, in particular, *creating forecasting methods* designed to adjust capacity to demand, to help people to adapt to new conditions, to adapt plant and equipment to

these conditions and to ease the restructuring of businesses.

5—Transport and environmental policy

35. The development of transport raises serious problems as regards the environment, particularly from the point of view of noise, pollution, vibration and traffic congestion. These problems are magnified in *urban areas*.

The Community action programme³ adopted in July 1973⁴ includes measures in these fields. Some provisions under the common transport policy, particularly as regards the carriage of dangerous goods and the allocation of infrastructure costs, will also provide solutions. However, further measures will be necessary and should reflect close coordination in the development of environmental and transport policies.

6—Transport and energy policy

36. There are also close links between transport policy and energy policy. On the one hand, the various means of transport are great *consumers* of energy. On the other, they are responsible for *delivering fuels*, mainly oil and coal, which are an important element in internal goods traffic and account for the major part of goods traffic by sea.

It will be right to develop these policies together and to pursue research in the field of new fuels, so that the action taken can bring improvement not only to transport but also to the energy situation.

7—Relations with non-member States

37. The common transport policy must play its part in *opening up the Community to the*

¹ OJ 71 of 14.4.1967.

² Supplement 11/73—Bull. EC.

³ Supplement 3/73—Bull. EC.

⁴ Bull. EC 7/8-1973, points 1301 to 1309: 'Definition of a Community Environment Policy'.

outside world. Independently of the measures which may be taken within the framework of the common commercial policy, transport policy should help towards the conclusion of international agreements on transport matters in areas which necessarily go wider than the Community framework, for example the use of new transport techniques or of combined transport. Further, it must look towards the adoption by non-member states of the necessary measures to permit *free movement across frontiers.* The free passage of Member States' traffic through third countries is only one of the aspects of this policy objective.

The special problems of sea and air transport will remain of particular concern to the Community, which must defend its own interests without harming those of non-member countries.

B. Scope of the common transport policy; main lines of action

38. To meet the requirements discussed above, it is necessary to pursue actively the setting up of Community transport arrangements which consist not only, as was mainly the case in the past, of measures of organization of the transport market, but also, in particular, of action in relation to transport infrastructure.

This new direction for the common transport policy will be determined more than in the past by the need for the public authorities to make a *choice between various potential solutions,* especially in the field of infrastructure — where, especially, the requirements of regional planning and of the environment must be respected.

39. Within the framework of such coherent arrangements for the whole Community, the *coordination of infrastructures,* a continued effort to *reduce transport costs* and a *common transport market* operating as freely and as fairly as possible constitute necessary elements in the interpenetration of the economies of the Member States.

40. These Community transport arrangements should be introduced *by stages,* taking account of the rhythm of other action intended to lead gradually to economic and monetary union during the present decade.

41. Such a policy, planned in a flexible way, will enable the Community to meet the needs of all sections of the public, including improving the quality of life, and to shoulder its responsibilities towards the various groups concerned :

— *transport users,* with the objective of providing freedom of choice, though without running counter to the community's interests by the provision of an excessive range of means of transport;

— *transport producers* (transport undertakings), with the objective of obtaining optimal use of the factors of production by permitting specialization of tasks within a more integrated system, healthy competition and the creation of instruments for continuous adaptation;

— *people employed* in transport, who should be able to work in conditions comparable to those of industry.

Chapter III

The roles of the public authorities and of transport undertakings

42. The broader objectives of the common transport policy require a greater degree of intervention by the public authorities. This intervention should be at *market level* only where the proper functioning of the market calls for the application of *correctives*, particularly in the event of crises or of imbalance between supply and demand. But the interventions of the public authorities in the *creation and continuous adaptation of the transport network should*, more than in the past, be made within the framework of the common transport policy, particularly in the field of infrastructures, or to satisfy society's requirements in such areas as safety or the environment. Thus this policy, which until now was applied mainly at the level of the transport undertaking, will in future increasingly be conducted at the level of the public authorities.

43. The introduction of an integrated system at Community level does not imply the systematic centralization of decision-making. The *Community institutions* will be able to *restrict themselves to defining the framework* within which the public authorities of the Member States will take decisions as regards the development of the networks (infrastructure), the introduction of new technology and the adaption of organizational methods (international transport). In this respect, the common rules could probably very often be formulated as simply a *harmonization* of national arrangements, *in the form of Directives* leaving the Member States with the responsibility of giving effect to the principles laid down by Community institutions. The necessary arrangements for enforcement will of course have to be made.

44. The operating structures of transport undertakings do not always correspond to the

requirements of a new distribution of tasks between public authorities and operators. Within the framework of Community transport arrangements, the direct responsibilities for operating, infrastructures and development (technical research) will have to be distinguished more clearly. The public authorities are bound to be responsible for *shaping the infrastructures*. They should also follow closely research into new technologies.

Decisions concerning *investment in plant and equipment*, on the other hand, should so far as possible be taken at the level of the transport undertaking, and action by the public authorities in this connection should be limited to protecting the general interest. For their part, the public authorities should attach great importance to extending to the whole Community the right to tender for public procurements. It may be desirable to encourage the grouping of orders, so as on the one hand to obtain for buyers the most attractive prices and the widest standardization of equipment, and on the other to enable manufacturers to increase their competitiveness through the widening of their market.

45. Costs laid on transport firms in the public interest should give rise to compensation. Other interventions in the financial interest of transport undertakings should not be made unless they conform to Community provisions on aids.

46. *The costs of using transport infrastructure*, which include external costs, *should be imputed*, with a view especially to ensuring the optimum allocation of resources. The system of cost allocation proposed by the Commission will have beneficial effects as regards the *approximation of conditions of competition* and a better use of land. It will help to relieve congestion in urban areas, rationalize transport needs and encourage the use of new means of transport more capable of satisfying geographical and environmental requirements.

The correct allocation of infrastructure costs may sometimes lead to a considerable increase

in the financial burden to be borne by some users. This is the logical consequence of the method chosen, which tends to discourage uses whose *external cost is too high in relation to the advantage sought*.

The choice of a system of allocating costs does not, however, preclude the use of *other measures by the public authorities* (priority for public transport, prescribed routes, prohibition of certain categories of traffic, etc.).

47. For goods transport, the common transport market will function freely subject to the essential corrective measures. As regards passenger transport the public authorities will be obliged to intervene, especially in urban areas, and measures in favour of public services are not to be ruled out.

Chapter IV

Field of application and instruments of the common transport policy

A. Sketch of Community transport arrangements

48. In order to attain the objectives set out in Chapter II, the common transport policy must take into consideration *all forms of transport*. It should be conceived and applied as a coherent whole, taking into account not only all means of inland transport (including pipelines and new techniques) but also complex role of the ports and the importance of sea and air transport in the enlarged Community. Special attention should be paid to the growing interdependence of the various transport techniques, as shown by the progressive development of combined transport.

49. *Forecasts* of transport supply and demand will have to be drawn up regularly to help the Community institutions to define the framework referred to in paragraph 43. These forecasts will help to prevent investment errors and the exhaustion of natural resources and will also enable the public authorities in the Member States, transport firms and transport users to improve their decision-making.

50. As regards infrastructure investment, the forecasts will lead to the drawing up of a *master plan* for the network of Community significance. This plan will show those transport links which are of significance to the Community as regards both functions and traffic, and will define the organizational bases of the network.

There should be an *adequate procedure* for enabling Community institutions to see that investment decisions fit into this plan.

Appropriate instruments of *financing* and *cooperation* must be developed, in order to make an effective contribution to the imple-

mentation of projects which go beyond the national frame of reference.

The Commission believes that the pooling of experience of the assessment of infrastructure schemes will lead progressively to the development of *comparable methods* within the Community.

The Commission attaches considerable importance to the work already undertaken in this context by some international intergovernmental organizations. It considers it necessary for the Community to exchange information and consult with these organizations, within which the Member States should take *common action* where the Community interest is involved.

51. In order to allocate the *cost of using transport infrastructures* the Commission has proposed a charging system based on marginal social cost plus the constraint of budgetary equilibrium. Such a system may start by being fairly approximate and be made more precise as knowledge improves. To apply it would not exclude recourse to supplementary measures to the extent that the objectives in view were not achieved.

52. The *size of transport firms*, especially in road and inland waterway transport, should be adapted to the requirements of an enlarged market. It will be necessary to encourage research into the optimum sizes for such firms and to determine the ways in which they can cooperate, within the framework of a structural policy, and with proper respect for the regulation on competition.

53. As for the railway undertakings, the solution of their financial problems and the definition of their future role must be among the main tasks of the common transport policy. The financial rationalization which the Member States have undertaken at Community level should be pursued by the effective implementation of Article 8 of the Council's Decision of 13 May 1965. In parallel, more vigorous cooperation should be developed on technical and commercial matters, tending gradually to bring the undertakings closer together

and perhaps leading to the setting-up of European units. In addition to the measures already proposed, study should be given to what more fundamental reforms might be applied to the current structures of railway undertakings so as to enable them to play a full part in future transport arrangements. In particular, examination should be given in this context to the question whether they should be placed, in respect of responsibility for their infrastructure, in a situation comparable to that of the other forms of transport.

54. It is undeniable that the enlargement of the Community lends special importance to the role of sea and air transport. In the light of the results of Community studies, the Commission may submit to the Council proposals for any action which it thinks necessary.

55. The objective of allowing the transport market to function freely within the framework laid down by the public authorities involves the removal of all impediments. This requires, in particular, free movement of transport services, the removal or reduction of frontier and fiscal formalities, freedom of establishment, etc. It also requires the *harmonization of competitive conditions*. And it involves the introduction of *mechanisms* for regulating transport capacity in case of need (temporary laying-up, scrapping, etc.).

56. In addition to action already in hand at Community level, the Community should make a contribution to action by Member States and international organizations with a view to *improving safety* in transport, especially road safety.

57. There should be coordination and cooperation in *research into new transport techniques*, including cooperation with other international organizations.

B. Transitional period

58. It will be several years before these Community transport arrangements are com-

pleted. During a transitional period it will be necessary to bear the following particular points in mind:

- existing transport infrastructure does not favour the exploitation of the comparative advantages of each mode of transport;
- methods of allocating social costs have not yet been worked out for each mode of transport, and the specific taxes have not yet been harmonized;
- the position of the railways has not yet been put right, particularly as regards the financial relations between railway undertakings and the States.

59. During this transitional period, therefore, the public authorities *will continue* to intervene in the organization of the market as regards capacity and transport rates and conditions. But the scale of these interventions will *constantly decline* as the Community transport arrangements are brought into operation and progressive improvements are made to the free operation of the market.

At the same time, balanced progress in the harmonization of competitive conditions should continue to be made.

60. Among the Community measures to remain in force, to be adapted or to be taken during the years ahead, some are intended to prepare for the completion in due course of the transport arrangements advocated, especially in the following areas:

- infrastructure investment;
- energy policy;
- regional policy and planning;¹
- environmental protection (the attack on nuisances).

Substantial progress will have to be made here during the transitional period.

¹ The Commission's proposal of 25 July 1973 on the setting-up of the regional development fund envisages, *inter alia*, the formulation of regional development programmes which should include investment in infrastructure.

Part II

Programme of work

Chapter V

Action required

A. General considerations

61. The Commission hopes that *the Council will discuss in depth the aims and principles* set out in this Communication and which will constitute the framework of the proposals which the Commission expects to present to it with a view to implementing the common transport policy. For this purpose, an initial exchange of views should take place at the next meeting of the Council of Ministers responsible for 'transport'. The Commission also proposes to take all appropriate contact for this purpose with the European Parliament, the Economic and Social Committee and the Transport Advisory Committee (Article 83 of the EEC Treaty).

62. The considerations advanced in this Communication will serve as the basis for defining a programme of work related to measures to be taken during the next ten years. This programme should be drawn up in the light of the objectives set out in Part I of the Communication and thus make clear the place of these measures in the implementation of Community transport arrangements.

It seems, nevertheless, neither practicable nor advisable to describe at this stage all the measures, with their contents, which will be needed in order to arrive at the final stage. That is why at this stage the Commission limits itself to drawing up an *action programme for the period 1974-1976*, which takes account of policy requirements, of the state of

current work in the Community's institutions, and of the degree of urgency of the measures proposed. Further work, to be begun or pursued after 1976, will be defined during this period for the following stage.

At least the measures included in the three year action programme could be categorized in relation to the objectives which have been established. It would be possible, for example, to divide them up into three categories, depending on whether they are measures mainly at the level of the *public authorities* aimed at objectives in the public interest, measures at the level of the *transport undertaking* aimed at setting up a transport market operating in conditions of healthy competition, and measures in the social field concerning transport workers.

The interests of transport users are of course to be pursued by all these measures.

In the first category (at the level of the public authorities) could come, for example, measures related to investment in and charging for the use of infrastructure.

In the second category (at the level of the transport undertaking) would figure, for example, measures related to capacity control, transport rates and conditions of access to the profession.

The third category (transport workers) would include measures to harmonize working conditions in transport as well as measures related to training for transport work.

However, it has seemed preferable to adopt a form of presentation which takes more account of the procedural requirements bearing on work in and between the various Community institutions. The Commission has therefore in the end adopted the following categorization:

— measures which should be the subject of initiatives by the Commission within the period in question;

— measures which are *already the subject of Commission proposals* and should be adopted by the Council as a matter of priority;

— measures which should be *studied* by the Commission, which will decide on follow-up action in the light of the results.

63. For 1974-1976 the Commission advocates a programme of actions to be pursued in parallel. The details given later in this chapter include only the most important elements. This does not of course mean that the Commission believes that it would no longer be of interest to examine other proposals. It reserves the right to modify its proposals as necessary or to consider the case for withdrawing certain of them.

64. The action programme presented below is to a different timetable from that annexed to the Communication forwarded to the Council on 8 November 1971,¹ and on which the Council has in any case only taken decisions in relation to 1972. The Commission believes that the new timetable is justified by the arguments advanced in this paper.

65. Some of the measures described will have a *permanent* character and will remain in force when the Community transport arrangements have been established. Measures in this category consist either of measures already in force and which conform to the principles adopted—such as those relating to the rules of competition or to the harmonization of competitive conditions between transport modes and undertakings—or of measures still to be taken. Other measures of an *interim* character should also be taken, as required, in order to ease the movement towards the future transport arrangements. These latter measures will concern, in particular, capacity control and the regulation of transport rates and conditions, and will be withdrawn from time to time to the extent that they are incompatible with the principles of the final arrangements.

B. Programme 1974-1976

66. In accordance with the categorization adopted in paragraph 62 above, the Commission proposes the following programme:

(a) Initiatives by the Commission within the period in question

67. The action in question is new action which the Commission proposes to take and which in its view is of particular importance. In addition, the Commission proposes to present, by virtue of Article 149 of the Treaty, proposals to amend some of its earlier proposals already before the Council, with a view to adapting them to the principles and objectives defined in this Communication.

The measures concern:

68. Infrastructure investment.

The consultation procedure on investment in transport infrastructure provided for by the Council's Decision of 28 February 1966 has made possible an improved exchange of information between Member States on infrastructure plans of Community interest. Its application should, however, contribute in a more effective way to better coordination of investment decisions.

Pending the realization of measures contributing effectively to the establishment of Community transport arrangements, the objectives of this consultation procedure will not be attained unless the projects which are made known are placed within the framework of general infrastructure programmes and examined from the standpoint of the Community's transport needs. It is essential for the procedure to be applied in this way at a time when major projects with a marked significance for the European transport network—such as the Channel Tunnel proposal—are coming forward.

The Commission will take the initiative of holding regular consultative meetings on *programmes* of infrastructure development.

It would in its view not be necessary to amend the 28 February 1966 Decision unless the approach proposed did not lead to the intended results.

¹ Supplement 8/71—Annex to Bull. EC 12-1971.

69. Transport safety.

Action and research in this area are justified by the pressing need to increase safety: studies are in progress of the case for developing a number of proposals, for example on the carriage of dangerous goods by road.

70. Sea transport.

The Commission will shortly take an initiative in this context, on the subject of studies of the possibilities for Community action.

70bis. Ports.

The Commission will continue with action in relation to ports in order to determine the scope for Community action.

In this context, it may be noted that the Commission has already examined, in the context of energy policy, the problems of investment in oil port installations.¹

71. Harmonization of working conditions and of the make-up of crews in inland waterway transport; harmonization of working conditions in the railways.

These measures, of permanent character,² will extend to these sectors the harmonization of competitive conditions in the field of working arrangements, in conformity with the Council Decision of 13 May 1965.

72. Regulation on the control of capacity in road haulage.³

Community action in this field takes the form of various measures concerning:

(i) decisions on the arrangements for Community quotas after 31 December 1974, when Regulation No 2829/72 is due to expire;

(ii) capacity control for international road haulage between Member States, which is for the most part carried out under permits granted within the framework of bilateral quotas.

These measures, of interim character, and still based on the idea of permit quotas, should give way progressively to the supervision of capacity, intervention being limited to cases of serious market disequilibrium. The measures would amend the proposals already presented by the Commission.

73. Regulations concerning rates and conditions for the carriage of goods.⁴

Here too, several measures are involved, concerning:

(i) the adjustment of the tariff arrangements in force to take account, in the light of experience, of certain practical requirements;

(ii) determination of the arrangements to apply after 31 December 1974.

The system to be implemented by these Regulations should be designed to take into account its close interdependence with the system of capacity control and should prepare the way for the progressive removal of all constraints on the formation of transport rates. The measures would amend the proposals already presented by the Commission.

(b) Measures already proposed by the Commission and which should be adopted by the Council with high priority

These measures have been listed in the light of the importance of the objective, the state of preparations for their adoption and the time required for the remaining work.

74. Regulation on the *Community quota* for road goods transport between Member States.⁵

This proposal is intended to adjust the Community quota with a view to taking more

¹ Supplement 11/72—Bull. EC.

² The words 'permanent' and 'interim' are used as in point 65 above.

³ OJ C 72 of 5.7.1972, page 6.

⁴ OJ L 194 of 6.8.1968, page 1.

⁵ Bull. EC 3-1973, point 2259.

account of the new Member States' interests in relation to their shares in Community permits.

75. Directive on the *weights and dimensions* of commercial road vehicles and on certain additional technical requirements concerning such vehicles.¹

This Directive, which will certainly be of a permanent nature, is very important for the harmonization of conditions of competition in transport. It will remove one of the barriers to trade between Member States, will greatly help vehicle manufacturers and could make a contribution to the protection of the environment and to road safety.

76. First Directive on the adjustment of *national taxation systems for commercial vehicles*.²

This Directive of permanent character, and which has already been discussed at length by the organs of the Council, will enable a start to be made on harmonization and will make possible an approach to realistic pricing within the road transport sector.

It will be maintained within the extended framework of the system of changing for the use of infrastructure, of which it is the first stage.

77. Amendment of the *first Directive* on the carriage of goods by road between Member States.³

The amendments proposed by the Commission are intended to adapt this measure, which was adopted in 1962, to political and economic changes in the Community, in particular by extending the liberalization measures to *own-account* transport operations.

78. The ratification as soon as possible by Member States of the European agreement concerning the work of crews of vehicles engaged in international road transport (*AETR*) and its simultaneous application in all the states are important both for social progress and for transport policy in a geographical area wider than that of the Community. The Commis-

sion will seek to ensure simultaneity of action by the Member States.

79. The negotiation of an agreement in respect of certain inland waterways on the implementation of regulations on the *temporary laying-up of vessels* for the transport of goods.

The conclusion of these negotiations will make it possible to create a market regulator for use in the event of overcapacity. The application of the regulator should provide experience which would make it possible better to define subsequent measures of a permanent character. An effort is therefore needed with a view to the rapid conclusion of the negotiations in progress.

80. Decision on the harmonization of the rules governing the financial relations between *railway undertakings* and the States.⁴

This measure is needed to allow the railways to be put on a sound financial footing. With a view to speeding its adoption, the Commission will at the appropriate moment invite the Council to settle certain questions of principle raised by this proposal (such as those of financial equilibrium, legal personality and the independence of the governing bodies).

At a later stage, having undertaken the necessary consultation, the Commission will present the proposals which then seem to it desirable in relation to possible reforms to the structure of railway undertakings.

81. Draft Decision on the initial elements of a study of *air transport*,⁵ relating to the improvement of scheduled services within the Community, concertation on tariff policy between Member States and concertation on the policy for developing services with non-member States.

¹ OJ C 90 of 11.9.1971, page 25.

² OJ C 95 of 21.9.1968, page 41.

³ Bull. EC 11-1972, point 60.

⁴ OJ C 106 of 23.10.1971, page 42.

⁵ OJ C 110 of 18.10.1972, page 6.

82. Regulation supplementing Council Regulation (EEC) No 543/69 of 25 March 1969 concerning certain *social legislation* relating to road transport.¹

The pursuit of regulatory measures for social harmonization in transport requires first of all action to strengthen the practical application of Regulation No 543/69 itself. This action will be supported by adoption of the supplementary measure proposed. These measures have a permanent character and should be put into effect as soon as possible.

83. Regulation (or Directive) on the conditions governing the *right to engage in the occupation of carrier*.²

This is a measure of permanent character, to which the Commission attaches a great deal of importance because it should both make possible the adoption of the Directives on right of establishment in the transport sector and create the conditions for the liberalization envisaged.

84. Approximation of the laws of Member States concerning roadworthiness testing of motor vehicles and their trailers,³ harmonization of laws concerning motor vehicle *driving licences*.³

These two categories of measure, of permanent character, are part of Community action to improve road safety in order to allow the mutual recognition of the documents concerned in the case of these two items: the importance of this aim makes it urgent to examine these two proposals.

85. Decision on the introduction of a common system of *charging for the use of transport infrastructure*.⁴

This, permanent, system is aimed at the optimum use of infrastructures from the Community's point of view and makes an important contribution to harmonizing conditions of competition. Since the study of this matter, which is of prime importance for the final

period, must take an appreciable time, special attention should be paid to this work.

86. Decision on the opening of *negotiations* for an agreement between the EEC and certain third countries on the rules to be applied to the *international carriage of passengers by coach and bus*.⁵

This measure is very important for the development of relations with non-member States, in an area which has already been regulated so far as transport between Member States is concerned.

(c) Measures with should be the subject of study by the Commission

87. The Commission will investigate suitable means of developing the system of transport statistics so as to provide the necessary information for the studies to be carried out and so as to obtain statistical data on transport supply and demand, with special reference to forecasting.

88. In the fields of infrastructure investment and of the choice of technical solutions the Commission will employ the results of COST Action 33, together with a parallel study designed to forecast the main flows of freight traffic. This work, which should be completed in 1976, will allow the Community to achieve, within the framework of a master plan of the main transport links or Community interest, the harmonious development of the transport system. To facilitate cooperation in this area, the Commission will pursue, with the help of Member States, work designed to improve the assessment of infrastructure projects.

It will be appropriate to examine what instruments of financing and cooperation should be

¹ Bull. EC 9-1972, point 84.

² OJ 254 of 20.10.1967, and OJ C 95 of 21.9.1968.

³ OJ C 119 of 16.11.1972.

⁴ OJ C 62 of 22.6.1971.

⁵ Bull. EC 1-1973, point 2237.

developed, at the appropriate time, to permit the common implementation of schemes of Community interest.

89. The Commission will continue and develop its work in liaison with other Community policies and action, especially in the field of research into new transport techniques, the environment, regional policy and energy policy.

90. The Commission will study the problems involved in the adoption of Community standards for professional training in the transport industry.

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To achieve this programme will require a considerable effort from all Community institutions and the adoption of the most efficient working methods, in the interests of making real progress with the common transport policy, not only in the pursuit of aims established in the past but also now in new directions.

This progress is especially necessary in order to:

- achieve a common transport market, particularly by speeding up action designed to allow the free circulation of transport services in healthy competitive conditions;
- establish a Community transport network through the drawing up of a master plan on the basis of a comparison of national infrastructure investment programmes and through the adoption of arrangements for charging for the use of infrastructure;
- encourage cooperation and complementarity between transport modes and networks.

Community transport arrangements arrived at in this way will contribute to the attainment of the aims of the Paris Summit conference which emphasized the need for an economic and monetary union. In this connection transport policy, like other structural policies, and as a factor in social progress, must make a particular contribution to economic growth as well as to a more balanced development of the regions and thus to better living conditions.