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Development of the common transport policy

Commission memorandum to the Council

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1. At the first discussion on the Commission's memorandum on the common organization of the transport market¹ at the Council's 167th session on 12 October 1971, the Commission stated that to enable the points raised in the memorandum to be gone into further it would be submitting to the Council a list of measures to be taken in connection with the common transport policy, classified in order of priority and accompanied by a time-table planned with due regard for the balanced development to be ensured as between the various elements of the policy.

While proposing to submit a programme on these lines to the Council, the Commission is embarking right away on a number of new measures of obvious urgency which it has already several times declared its intention of taking.

2. The Commission is aware that the institution of the common transport policy is not a process whose course can be firmly fixed in advance in every detail. On the other hand, as it has already had occasion to point out more than once, the institution of this policy requires to be planned as a broad process of balanced development, and to this end it is necessary that the various measures to be taken should be arranged within an overall framework in accordance with an appropriate rate of advance, without laying down a set time-table for each of them.

Accordingly, basing itself on the institution's earlier studies and taking account of the preliminary notions on the subject which emerged at the Council's discussion, the Commission, though not omitting to give all due attention to the complex of measures as a whole and to the farther-off stages of the process of giving effect to the common transport policy, is not submitting for consideration all the measures involved: it has thought it best to concentrate rather on a selection of major practical steps, seeking to establish priorities in connection with balanced development, and has in particular endeavoured to fix the role and interrelation of the elements it regards as altogether essential to get the transport sector functioning in a proper Community manner as quickly as possible and lay the basis for the development of a full-scale transport policy in the common interest of the Member States.

The Commission has confined itself to working out a connected plan for proceeding further with operations already begun, the various measures dovetailing and interdependent, and so arranged as to go forward stage by stage in parallel; it has in addition sought to keep the plan sufficiently flexible to allow of effective adjustment in line with practical developments and the teachings of experience.

¹ See Bulletin 11-1971, part two, sec. 43.

The object of this plan is to enable the Council to marshal within one broad, consistent framework the array of measures it is being asked progressively to enact and issue in a gradual steady stream.

To help facilitate the discussion of the plan for developing the transport policy which it is proposing to the Council, the Commission thinks it well to recall the general guidelines on which this is based.

3. The aims of the common transport policy must be in line with the Community's general objectives.

As the Commission sees it, therefore, the policy must be designed to secure the phased establishment of a single comprehensive Community transport system embracing all the modes of transport and all the transport markets, and to ensure maximum efficiency by economic operation and rational development making possible optimum utilization of the factors of production. A unified Community-wide transport system is necessary to the mobility of persons and goods that is both a feature of present-day industrial society and a basic component of the Common Market.

The transport industry, whose job this is, is a very important sector in the economies of the Community countries. The share of inland transport—transport by rail, road and inland waterway—in the Member States' GNP ranges from 4 to 7%, and investment in these fields, on infrastructure and mobile stock, accounts for something like 15% of fixed capital formation in the Community as a whole. These figures underscore the importance of rational deployment of the means available.

The common transport policy is a factor for social progress calculated on the one hand to enable transport requirements to be met as satisfactorily as possible from the point of view of the public (in the matter of service and cost), and on the other to help improve conditions for transport personnel both at and away from work.

In addition, improvement of traffic safety is a major aim of the policy.

Lastly, the policy needs to be given a new dimension by being integrated into an overall campaign of environmental conservation. This will necessitate taking more active steps to eliminate or reduce the obtruding of transport on the environment (occupation of space and facilities, noise, pollution and so forth), and seeing that transport is included in the general environmental programmes that are so indissociably bound up with all town and country planning today. The development of infrastructures and new transport technology is all-important in this connection.

4. To achieve its aims, the common transport policy should be based on two separate principles, the one relating to transport infrastructures and the other to transport services.

(a) Choice of investment and management of infrastructures should be conducted in accordance with agreed common criteria in order to ensure rational development and utilization.

Infrastructure investment should be the subject of regular coordination both within the several modes of transport and between them. The agreed methods to be used in making investment decisions should in particular be such as to enable the requirements of the public good to be met with due regard for socio-economic cost-effectiveness, bearing in mind the limits on funds actually available.

Charging for use of infrastructures should consist in imposing on users such taxes or tolls as are best calculated at once to minimize the operating costs and to ensure full utilization (in the economic sense) of the existing infrastructure, while avoiding distortions in conditions of competition between the different modes of transport within the general system of transport services dealt with below.

(b) The Commission considers that transport services should be operated on a free-market basis. At the same time it does feel that a judicious measure of organization will be necessary to cope with the requirements of balanced growth, more especially those involving structural change.

Moreover, the wide disparities in the conditions of production and sale of transport services and in the cost structures of the different modes of transport fully warrant and indeed demand official intervention by way of laws and rules to prevent distortion of the conditions of competition as far as possible.

Intervention will also be necessary to achieve other purposes as well as simply maximum efficiency of the transport system, namely those relating to safety and environmental conservation.

5. A common transport policy along these lines will entail taking a great many specific steps in all sorts of fields. These are briefly sketched below.

Coordination of infrastructure investment

The communication and consultation procedure provided for by Council Decision No. 66/161/EEC¹ has proved inadequate to its purpose and deficient in regard to the very principles on which coordination is supposed to be based, notably that of ensuring that account is taken of the requirements of the whole Community.

It is obviously necessary that steps should be taken without delay, in a series of stages, to enable the consultation procedure to be broadened by better

¹ Council Decision of 28 February 1966 (*Journal officiel* No. 42, 8 March 1966).

integration of investment operations at the different levels, Community, national, regional and local, criteria and methods established for investment decisions, and use made of these in the comparative assessment of the different infrastructure projects, programmes and plans. The Commission will be submitting proposals in this connection in due course.

Infrastructure charging

The Commission has already set out in great detail the nature and timing of the measures in its two proposals on adjustment of the national systems of taxation of commercial motor vehicles and on the introduction of a common system of charging for the use of transport infrastructures. The broad outlines of future Community action in regard to infrastructure charging were also dealt with in a memorandum to the Council on 14 September 1971, summarizing the main features of the measures and the suggested time-table for introducing them.

The idea is that, on the basis of harmonization of the tax structures in respect of commercial motor vehicles (including fuel taxes) and proceeding via a system of marginal social costs, there would ultimately be generalized application of a balanced-budget system for all modes of transport, making it possible, *inter alia*, to approximate the national rates of tax on commercial vehicles and align those on motor fuel. For further particulars the reader is referred to the proposals and documents concerned.

Organization of the market

The measures relating to the organization of the market, with the double object of integrating it—enabling the compartmentation of the national markets to be done away with, and thus both setting a target for liberalization and actually producing liberalizing effects—and of rendering the Community transport system more efficient by reason of that integration, are concerned with harmonization, market access, and rates and conditions of carriage.

With regard to the harmonization of conditions of competition, the progressive introduction of the proposed system of infrastructure charging would enable the problems of specific transport taxation to be for the most part disposed of in a manner consonant with the general lines of the common transport policy.

On the “social” side (i.e. concerning working conditions), Regulation No. 543/69 of 25 March 1969¹ is in force in respect of the road haulage sector.

¹ *Journal officiel* No. L 77, 29 March 1969.

The Commission will be submitting the appropriate proposals for progressively extending the harmonizing of social legislation within each mode of transport by introducing:

- (i) further provisions on road haulage;
- (ii) provisions on inland water transport;
- (iii) provisions on rail transport.

When this first stage has been completed it will be necessary to tackle the harmonization of working conditions between the three modes of transport—an aspect which will incidentally need to be borne in mind in the first stage too in laying down the standards for each of the three.

In indicating the function this harmonizing of working conditions performs in regard to the harmonizing of conditions of competition, the Commission would emphasize once again the very great importance it attaches to the process in connection with its efforts for social progress as such, and would also draw attention to their value in helping to improve traffic safety.

With regard to the harmonization of State intervention, considerable progress has already been achieved by the promulgation of regulations on carriers' "public service" obligations, normalization of railway accounts, and aids to transport undertakings. Further action is now needed without delay to impose rules giving the railways greater administrative autonomy, so as, firstly, to help get the railways' finances on to a sound footing, and secondly, to provide the basis for a thoroughgoing lining-up of conditions of competition between all modes of transport and all carriers: such rules are absolutely fundamental to the proper organization and stabilization of the transport system. A draft regulation on the subject is already before the Council.

With regard to access to the market, more and speedier action is needed. The Commission would draw attention in particular to its memorandum to the Council of 14 September 1971 on the organization of the transport market.

A high priority should be given to the issues arising in connection with inter-state haulage of goods by road. The Commission considers it necessary to act forthwith to adjust haulage capacity in line with the trend in intra-Community trade. This will need to be done by adapting the Community quota, without aggravating the imbalances created by the bilateral arrangements. Also the apportionment of authorizations among the Member States as fixed by Council Regulation (EEC) No. 1018/68 of 19 July 1968¹ should be reviewed and if necessary altered. The Commission will shortly be submitting proposals on this matter.

¹ *Journal officiel* No. L 175, 23 July 1968.

Another high-priority item is the institution of the initial controls on inland-waterway carrying capacity.

The Commission would recall the terms of its draft regulation of 1967 and the Council resolution of 1970 on the introduction of a system for the temporary, voluntary and compensated laying-up of vessels. To speed the progress of the work, a draft decision to open negotiations between the Community and Switzerland has also been submitted to the Council.

Next for attention will come the questions concerning access to the national road haulage markets. The Commission has repeatedly emphasized the importance and urgency of this matter; in its memorandum of September 1971 it stated its intention of submitting amendments to its 1967 proposal to make the suggested system more flexible.

With regard to transport rates, the Commission still considers that the "evolving rates" system for all modes of transport that was provided for by the Council's agreement of 22 June 1965 on the organization of the transport market and the Commission's proposal of 27 October 1965¹ should be phased in without delay, in order to ensure a more even balance among the different modes of transport and national systems, and as an accompaniment to the introduction of interdependent measures in other connections, more especially in regard to market access.

At the same time, in order to take account of the different positions which have emerged, the Commission has sought to devise other possible arrangements whereby the measures could be kept distinct from one another and their timing varied; even in its September 1971 memorandum it mentioned how the course of action suggested could be adjusted and added to.

Unless an overall solution should be instituted soon, it will be necessary to embark without more ado on the easing of railway ratemaking (most railways are still bound by systems of fixed tariffs largely determined as to both structure and level by the authorities). Some easing in this respect is the necessary complement to the reconstruction of the railways' finances which is universally acknowledged to be essential. The Commission considers that the first step should be to introduce a system similar to that now applying to haulage of goods by road between Member States (Council Regulation No. 1174/68, 30 July 1968).²

6. The Commission hopes to see agreement reached very soon on the weights and dimensions of commercial vehicles, on the basis of its most recent proposal of June 1971.

¹ See EC Bulletin 12-1965, Ch. III, sec. 33.

² *Journal officiel* No. L 194, 6 August 1968.

The Commission will shortly be submitting to the Council proposals for helping to improve road safety, as part of a phased programme which includes the following six major objectives: education, and compulsory instruction at school, in road safety; harmonization and tightening-up of the conditions for driving licences; harmonization of vehicle testing rules and procedures; harmonization and tightening-up of the rules on permitted levels of alcohol in the blood; regulation of road speeds; generalization and harmonization of road markings.

With regard to the environment, action on the transport side should form part of the broader Community policy on the environment generally.¹

Transport should increasingly be used as an instrument of regional policy and town and country planning—that is, as a means both of halting the increasing concentration of people and jobs in already crowded urban areas and of promoting the development of areas hitherto backward or in decline.

Action will also be needed to reduce the nuisance effects of transport. Two directives have already been adopted in this connection, one on the permissible decibel level and the other on air pollution by motor vehicles, and other specific measures are planned with respect to sources of noise in general and to pollutants, on which the Commission will be submitting proposals shortly. The Commission is also preparing to step up the intensive research that will be involved in readying this legislation; in urgent cases where it is not possible to wait for the final results of the research it will appropriate provisional measures at once.

7. All the measures mentioned in subsections 5 and 6 figure in the annexed time-table, which is given, with comments, to show the phased build-up of the intended action and the balance it is designed to establish.

The Commission trusts that all the measures will be brought into effect at the dates proposed, to enable the basic aims of the common policy to be achieved as soon as possible.

The programme is not intended to be hard and fast, but on the contrary to leave scope for adjusting and expanding the measures and time-table in accordance with practical experience and the progress of the common policy. In particular, it is quite possible that changes will be needed following the Community's enlargement.

The Commission considers that the implementation of these measures by the dates set would result in a transport system very much more tailored to

¹ Cf. First Commission memorandum on the Community's environmental policy (EC Bulletin 9/10-1971, Part One, Ch. IV.).

the needs of the Community economy, as well as in a substantial improvement in the conditions of transport workers both on and off the job.

In addition, of course, action will be needed in other directions, notably on sea and air transport and on ports.

Time-table of Council measures

The year shown at the top of each table is the year by which the measures concerned are to be taken.

Mode of transport	1	2	3
	Harmonization (social, fiscal, sundry)	Organization of the market (integration and liberalization)	Development
<i>Road</i>	Remodelling of taxes on commercial vehicles (harmonization of structures) ¹	Regulation of inter-State road haulage capacity (continuation: Regulation No. 1018/68, Community quota), first stage.	Improvement of road safety: standardization and tightening-up of conditions for driving licences.
	Weights and dimensions of commercial vehicles. ¹	Extension for three years of Regulation No. 1174/68 on bracket rates for cross-frontier haulage of goods by road (1973-75).	
<i>Rail</i>	Financial reconstruction and administrative autonomy of railways (Article 8 of the harmonizing Decision of 13 May 1965). ¹	Application of bracket rates to internal and cross-frontier carriage by rail.	
<i>Inland waterway</i>		Regulation of capacity, first stage, 1973-77: arrangements for temporary laying-up of vessels. ¹	
<i>All modes</i>		Abolition of discriminations (Article 79(2)). ¹	

¹ Commission proposal before the Council.

1. Harmonization

Operations in 1972 will be primarily aimed at proceeding further with the harmonization process.

1.1. Adoption of the first directive on the remodelling of taxes on commercial road vehicles, following the introduction from 1 January 1971 of uniform accounts for infrastructure expenditure, should enable a start to be made on the proposed programme for charging for the use of infrastructures.

1.2. Adoption of the decision on financial reconstruction and administrative autonomy of the railways (Article 8 of the harmonizing Decision of 13 May 1965) is another major item in the harmonization process.

1.3. Adoption of the directive on the weights and dimensions of commercial vehicles is an important step in technical harmonization.

2. Organization of the market

2.1. Progress in harmonization should enable progress to be also achieved in organization of the market.

Road haulage:

- (i) Regulation on the Community quota to continue to apply following extension in 1971 for one year;
- (ii) Start of phased implementation (1st stage 3 years) of system for regulating carrying capacity in inter-State road haulage, under Council Decision of 14 December 1967, section 2(cc).

Inland water transport:

- (i) Introduction of arrangements for temporary laying-up of vessels.

2.2. Making of rates and conditions of transport:

- (i) Regulation on cross-frontier haulage rates, already automatically extended to 1972, should be further extended for three years, corresponding to stage 1 in the implementation of the system for regulating carrying capacity in inter-State haulage (see above);
- (ii) Steps to ensure financial reconstruction and administrative autonomy of the railways should be supplemented by introduction of a Community system of bracket rates for internal and cross-frontier transport by rail;
- (iii) Regulation abolishing discriminations (Article 79(2)), should enter into force.

3. Development

Efforts to improve road safety should be sought by standardizing and tightening-up the conditions for driving licences.

1973

Mode of transport	1	2	3
	Harmonization ² (social, fiscal, sundry)	Organization of the market (integration and liberalization)	Development
<i>Road</i>	Upward harmonization of work and rest periods (second "social" regulation on road haulage).	Regulation of carrying capacity in internal haulage of goods; conditions for taking up the activity of haulier. ¹	Improvement of road safety: Introduction of system of periodic technical testing of motor vehicles.
<i>Rail</i>			
<i>Inland waterway</i>	Upward harmonization of certain social provisions (working hours, rest periods, holidays, manning).		
<i>All modes</i>			Charging for the use of infrastructures: (i) choice of basic system; ¹ (ii) adoption by the Council of common ratio of gasoline to gasoil taxes. Coordination of investment (more and closer consultation, more particularly on major communication links of Community importance). Adoption by Council of a research programme on future means of transport.

¹ Commission proposal before the Council.

² For tax harmonization see column 3.

1973

1. Harmonization

Social harmonization to be begun in the inland-waterway sector and further continued in the road-haulage sector.

2. Organization of the market

Approximation of operating conditions in the national road haulage markets should be effected by adopting measures to regulate carrying capacity and conditions for taking up the activity of haulier. The measures should be designed to eliminate imbalances between the systems for internal and for cross-frontier haulage, and to promote freedom of establishment.

3. Development

3.1. The main work in 1973 should be concerned with the introduction of infrastructure charging, the Council selecting the basic system and adopting a common ratio of gasoline to gasoil taxes. The harmonizing of specific transport taxation should be conducted in conjunction with this and with tax harmonization in general.

3.2. Other important operations should be carried on in regard to coordination of infrastructure investment and to road safety; also, a research programme should be adopted on means of transport in the future.

Mode of transport	1	2	3
	Harmonization ² (social, fiscal, sundry)	Organization of the market (integration and liberalization)	Development
<i>Road</i>		Admission of non-resident carriers to effect internal haulage in Member States (Article 75 1(b)), ¹	Improvement of road safety: (i) Concertation of measures imposing speed limits; (ii) Tightening-up of rules on levels of alcohol in the blood.
<i>Rail</i>	Upward harmonization of certain social provisions (working hours, rest periods, holidays).		Charging for use of infrastructures: (agreed common offsetting methods, taking into account burdens borne by the other modes of transport).
<i>Inland waterway</i>			
<i>All modes</i>	First measures to harmonize provisions on control of nuisance effects and pollution.		

¹ Commission proposal before the Council.

² For tax harmonization see column 3.

1. Harmonization

Following social harmonization in the road-haulage and inland-waterway sectors should come similar measures for the railways, thus completing the process of social harmonization within each of the three modes of transport. Also a start should be made on actively combating nuisance effects and pollution caused by transport, with other measures in this connection to follow later.

2. Organization of the market

The appreciable advances in harmonization should ease the way to the adoption of common rules concerning admission of non-resident carriers to effect internal haulage in Member States (as provided in Article 75 (1, b) of the Treaty).

3. Development

3.1. As concerns infrastructure charging, following the choice of the basic system in 1973, a new stage should begin, with the agreeing, for the railways, as an interim arrangement, of common offsetting methods taking account of the charges borne by the other modes of transport.

3.2. As concerns improvement of road safety, the work already in hand should be further pursued by the concerting of measures to impose speed limits and by tightening-up the rules on levels of alcohol in the blood.

1975

	1	2	3
Mode of transport	Harmonization ² (social, fiscal, sundry)	Organization of the market (integration and liberalization)	Development
<i>Road</i>			Charging for use of infrastructures: (i) Progressive amendment of national taxes on fuels to approximate them to the common ratio; (ii) Progressive adjustment of levels of taxes on commercial vehicles (1975-79). Improvement of road safety: (i) Teaching at school; (ii) Road markings.
<i>Rail</i>			
<i>Inland waterway</i>			Charging for use of infrastructures: First measures instituting tolls, to be progressively scaled up to equal the marginal social cost (1975-79).
<i>All modes</i>		General system for making and publishing rates and conditions of cross-frontier and internal carriage. ¹	Coordination of infrastructure investment: (i) Adoption by Council of common criteria for selection of investment; (ii) Determination of "major communication links of Community importance."

¹ Commission proposal before the Council.

² For tax harmonization see column 3.

1. Organization of the market

Given the progress to date in approximating the operating conditions in the national markets, it now becomes necessary to institute a general system for making and publishing rates and conditions of cross-frontier and internal carriage to apply to all three modes of transport.

2. Development of the market

2.1. The work should again be mainly concentrated on the phased establishment of infrastructure charging.

Road haulage : (Stage 1975-79)

- (i) Progressive adjustment of national taxes on fuels to approximate them to the common ratio;
- (ii) Progressive adjustment of levels of taxes on commercial vehicles.

For inland waterway: (Stage 1975-79)

First measures instituting tolls, to be progressively scaled up to equal the marginal social cost.

2.2. Closer coordination of infrastructure investment should be ensured by:

- (i) Adoption by the Council of common criteria for the selection of investment;
- (ii) Determination of "major communication links of Community importance".

2.3. The drive to improve road safety should be continued.

1976

	1	2	3
Mode of transport	Harmonization ² (social, fiscal, sundry)	Organization of the market (integration and liberalization)	Development
<i>Road</i>		Regulation of carrying capacity in inter-State haulage of goods by road (continuation: Regulation No. 1018/68, Community quota), second stage.	
<i>Rail</i>			
<i>Inland waterway</i>		Complete system of capacity regulation (taking-up of activity, access to market for internal and cross-frontier haulage, arrangements for laying-up and scrapping of vessels, long-term structural measures). ¹	
<i>All modes</i>			

¹ Commission proposal before the Council.² For tax harmonization see column 3.

1. Organization of the market

At this point with distortions in conditions of competition eliminated and measures in force to approximate the operating conditions in the national markets, the time has come to introduce:

1.1. *Road-haulage sector:*

The second stage in the regulation of goods-carrying capacity;

1.2. *Inland-waterway sector:*

The complete system of capacity regulation (including conditions for taking up the activity of inland-waterway carrier and for access to the market for internal and cross-frontier carriage, arrangements concerning laying-up and scrapping of vessels, and long-term structural measures).

1.3. In addition, structural measures should be envisaged for placing the market on a sounder footing and increasing carriers' productivity while taking due account of social considerations.

2. Development

The phasing-in of infrastructure charging should continue, with any necessary adjustments in the light of experience gained in the preceding years.