

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

5631/86 (Presse 36)

1068th Council meeting

- Transport -

Brussels, 14 March 1986

President: Mrs N. SMIT-KROES
Minister for Transport
and Public Works
of the Kingdom of the Netherlands

Luxembourg:

Mr Marcel SCHLECHTER

Minister for Transport

Netherlands:

Mrs N. SMIT-KROES

Minister for Transport and
Public Works

Portugal

Mr Oliveira MARTINS

Minister for Public Works, Transport
and Communications

United Kingdom:

Mr Nicholas RIDLEY

Secretary of State for Transport

°

°

°

For the Commission:

Mr Stanley CLINTON DAVIS

Member

Mr Peter SUTHERLAND

Member

°

°

°

SHIPPING

Pending the Opinion of the European Parliament, the Council made substantial progress on three of the four proposals submitted for discussion, viz. those concerning the application of rules of competition to shipping, co-ordinated actions to safeguard free access to cargoes in ocean trade and measures to be taken to combat unfair pricing practices; it instructed the Permanent Representatives Committee to finalize these Regulations.

As regards the application of the principle of the freedom to provide services to maritime transport, it was agreed to continue discussions within the Permanent Representatives Committee so that the Council could discuss this matter in detail at its next meeting on 6 May 1986 and take an overall decision on these four questions at that meeting.

AIR TRANSPORT

The Council discussed progress made in the area of air transport.

In conclusion, the Council agreed to instruct the Permanent Representatives Committee to prepare a consistent set of measures on fares, capacity and rules of competition introducing more flexibility in the air transport sector while taking account of the various suggestions and comments submitted by delegations and the Commission.

INTRA-COMMUNITY ROAD HAULAGE

The Council confirmed its unanimous agreement on the definitive arrangements for intra-Community road haulage to be applied by 1992 at the latest, viz. the creation of a free market without quantitative restrictions.

The Council took note of the suggestions submitted by the Presidency, the Commission and some delegations on the measures to be taken in the transitional period and the relevant tax harmonization measures to be taken.

The Council took note of the Commission's intention of submitting the appropriate proposals in due course.

WEIGHTS AND DIMENSIONS OF ROAD VEHICLES

The Council noted that at this juncture it was unable to reach unanimous agreement on specifying the weight of the driving axle of commercial vehicles. It therefore asked the Permanent Representatives Committee to continue to seek a solution in time for its next meeting on 6 May 1986.

MISCELLANEOUS DECISIONS

Trade policy

The Council adopted in the official languages of the Communities a Regulation on the conclusion of the Agreement in the form of an exchange of letters between the European Economic Community and the Socialist Republic of Romania amending Annex II to the Protocol to the Agreement on trade in industrial products. This consists of a set of trade policy measures to encourage the development of trade between the Community and Romania.

The Council also adopted in the official languages of the Communities a Regulation and a Decision on protection against imports which are the subject of dumping between the Community of Ten and the new Member States or between the new Member States during the period throughout which the transitional measures laid down by the Act of Accession of Spain and Portugal apply.

Relations with EFTA countries

The representatives of the Governments of the Member States meeting within the Council adopted in the official languages of the Communities a decision opening tariff preferences in Greece for products covered by the ECSC Treaty and originating in Austria, Finland, Norway, Sweden and Switzerland.

Appointment

Acting on a proposal from the Greek Government, the Council appointed Mr N. PASCHOS as an alternate member of the European Social Fund Committee replacing Mrs V. STAVRIANOPOULOU, alternate member who has resigned, for the remainder of the latter's term of office, viz. until 11 December 1987.

Bruxelles, le 13 mars 1986.

NOTE BIO (86) 74 aux Bureaux Nationaux
cc. aux Membres du Service du Porte-Parole

433

PREPARATION OF TRANSPORT COUNCIL, 14 MARCH 1986 (M. Berendt)

The Council of Ministers is close to agreeing a Community policy for MARITIME TRANSPORT. At this week's Council meeting in Brussels, ministers will be discussing four draft measures submitted by the Commission just over a year ago. They hope to make substantial progress. After years of pursuing purely national shipping policies, Member States have accepted the Commission's argument that action is essential at a Community level in the face of a steady decline in the merchant fleet of the Twelve relative to world tonnage.

The recession in world trade, a loss of comparative advantage for the Community and the growth of protectionist practices by other countries have cut the Community's fleet from 32,3% of the world total in 1970 to 21.5% in 1985.

The Council will also be discussing the possible options for phasing out the bilateral quotas on ROAD TRANSPORT by 1992, maximum lorry weights and the Commission's proposals for liberalising AIR TRANSPORT within the Community.

MARITIME TRANSPORT

Of the four proposals on maritime transport, two relate to the Community's ability to counter unfair competition by third countries, while the other two are concerned with the Community's internal market. However, the four together constitute a package.

1. Unfair pricing practices in maritime transport

Undercutting of prices by non-Community shippers at rates which are not related to commercial reality is a continuing problem. This proposed regulation would allow the Community to react to such pricing practices by imposing provisional duties which would become definitive once the facts had been confirmed.

The Greek Government wants the draft regulation modified so that governments could opt out of any countervailing measures which might be taken by the Community against third country shippers. Other Member States are opposed to such a provision and believe that adequate safeguards are provided in the text to protect the interests of all Member States. The French wish to extend the scope of the regulation to cover other unfair commercial practices as well as pricing. Both the Belgian and Greek ministers are expected to ask that the Council rather than the Commission should decide when provisional duties should be imposed.

2. Action to safeguard access to cargoes.

This regulation would lay down a procedure for the Community to take action against shippers from third countries when their governments gave them privileged access to cargoes in ocean trades. The Commission has proposed a graduated response, beginning with diplomatic representations to the third country concerned, but building to more concrete measures such as refusal of landing rights, imposing quotas or even levying taxes on the shippers concerned.

The Greeks have major problems with this proposal. Again, they seek the right to opt out of any action proposed. They also wish to extend the protection provided by this measure to ships which are majority-owned by Greeks and which fly the Greek flag but which are managed by a company registered outside the Community. There is strong resistance to opting out, but the provision covering Greek flag ships is likely to be agreed. The French Government wishes Member States to have a right to take national counter-measures in parallel with coordinated Community action.

3. Freedom to provide services.

This proposed regulation would extend the free provision of services to the maritime transport sector, abolishing existing restrictions and avoiding the introduction of new ones. In principle it would allow a company established in one Member State to offer its services in all other Member States; in practice any regulation adopted by the Council will be hedged with conditions and exceptions.

It is in the context of this proposal that the French Government have called for the creation of an "espace maritime communautaire" - an area of Community preference, which the Commission views with some caution, warning of the consequences of discriminating against third countries. The Belgians are demanding that competition conditions (conditions of employment for seamen, for instance) should be harmonised before the market is opened up; Greece is demanding the inclusion of ships flying Greek flags as under (2) above and several Member States have difficulties with the inclusion of cabotage i.e. the provision of services within a Member State. It may be agreed to continue the current restrictions on cabotage until 1993 and then to provide exemptions for traffic between the mainland and islands or for reasons of national security.

4. Application of the competition rules to maritime transport.

No detailed rules yet exist for applying the competition rules of the Treaty to shipping. The Commission proposal would cover passenger transport, but the Danish and Irish ministers are arguing for block exemptions for this sector. The regulation as proposed by the Commission would provide an automatic exemption for shipping liner conferences under certain conditions. It would also give the Commission powers of investigation and the power to impose fines where it found an abuse of a dominant position.

ROAD TRANSPORT

1. Creation of a common market for road transport.

The Council agreed in November 1985 that by 1992 at the latest a free transport market would be created without quantitative restrictions, so that lorries could move freely between Member States. By that date the bilateral quotas applied by several Member States should disappear. The end is not in doubt, the means of achieving it are the main subject for discussion. The Commission has suggested that bilateral quotas should be converted into Community quotas in two phases in addition to the 15% annual increase in the Community quota. A presidency proposal would increase the Community quota by 30% a year and give broader effect to bilateral quotas. The Commission stresses the importance of eliminating the bilateral quotas before 1992. The Council will be discussing various permutations of these proposals.

2. Axle weights

The directive on lorry weights and dimensions agreed in December 1984 laid down certain maximum lorry axle weights and provided that Member States should not exclude from their roads vehicles from other Community countries which were within the maximum. Current national drive axle maximum weights vary from 10 to 13 tonnes.

The Commission has proposed a compromise of 11 tonnes maximum rising to 11.5 tonnes where advanced suspension technology caused no more damage to the roads than 11 tonnes. An alternative solution which may be considered by ministers would provide for different weights in different Member States relating to the difference in road capacity.

AIR TRANSPORT

Ministers will be discussing further the Commission proposals on air transport, but substantial progress is not expected at this Council.

Regard,
H. Paemen. ////

Bruxelles, le 17 mars 1986.

NOTE BIO (86) 74 (suite 1 et fin) aux Bureaux Nationaux
cc. aux Membres du Service du Porte-Parole

TRANSPORT COUNCIL - MARCH 14 (M.Berendt)

Progress was made on maritime transport issues at Friday's transport Council, but no decisions were taken and the most difficult of the four regulations concerned - on freedom to provide services - was scarcely discussed at all.

MARITIME TRANSPORT

The application of the COMPETITION RULES of the Treaty to maritime transport was broadly accepted by all delegations, but with some seeking exemptions for passenger transport. The Commission agreed to consider specific exemptions for Ireland, Denmark and Spain concerning particular ferry routes (Ireland-UK, Denmark-Germany, Spain-North Africa) and also to consider block exemptions for passenger traffic once the regulation had been adopted.

A major issue of conflict between most member states and the Commission concerned the legal basis for the regulation, with delegations arguing for the inclusion of Article 84 (2) of the Treaty as well as the competition Articles. Article 84 is one concerning the common transport policy specifically and would give the Council powers in setting the competition rules which the Commission finds quite unacceptable. Commissioner Sutherland told the Council that its inclusion would create uncertainty and would conflict with clear judgements of the Court of Justice.

On the safeguarding of FREE ACCESS TO OCEAN TRADES, and on measures to resist UNFAIR PRICING PRACTICES, the Council came close to resolving the problem of the Greek flag, defining as "Community vessels" ships under the Greek flag and owned by Greek nationals but managed by a company established outside the Community. The Greek demand for an opt-out clause was resolved by incorporating a declaration which stated that in deciding on coordinated action, the Council would give due consideration to port interests AS WELL AS TO FOREIGN POLICY INTERESTS of member states. France and Ireland maintained reserves on this phrase.

The Commission pressed for seafares as well as shipowners to be entitled to press complaints against unfair trading practices, a proposal defended by Commissioner Stanley Clinton Davis and supported by the French minister, but which did not attract majority support from ministers. Left unresolved was the question of whether the Commission or the Council should decide upon the application of provisional duties on non-Community vessels indulging in unfair practices. The Commission believes that it must have the power to act if the system is to be effective.

The presidency proposed that the regulation establishing the FREEDOM TO PROVIDE SERVICES in maritime transport should be referred to COREPER. So it was, after a cursory discussion which demonstrated the familiar arguments between those who want rapide application of a free market (the United Kingdom in particular) and those who will be content to see no action until 1993.

Several ministers insisted that the four proposals be taken as a package which should not be decided separately. Work will continue on them in preparation for a Council meeting on May 6.

AIR TRANSPORT

Mr Clinton Davis warned the Council of the need to take decisions in this sector and repeated the Commission's position - that if substantive progress were not made by June, then there would be no alternative to legal action. Discussions could not drag on indefinitely; Community citizens were demanding progress and their call should not go unanswered. Both he and Mr Sutherland stressed the obligation upon member states not to take decisions in the European Civil Aviation Conference (ECAC) which might prejudice the Community decision-making process.

The idea of price zones under which discount and deep-discount fares could be fixed at a given minimum percentage of the economy fare was generally accepted by ministers, although with differences of view as to how low the minimum level should be. Several could accept a deep discount fare at 45 per cent of economy, though not as low as the Commission's proposal of 40 per cent. On capacity sharing, when two airlines agree on the number of seats which each should offer on a particular route, many ministers showed extreme caution and were unwilling to move further than 55/45. The President, Mrs Nellie Smit-Kroes pointed out that the Council must avoid moving backwards, since capacity sharing agreements already exist which allow more flexibility. The Council has a good deal of work to do before reaching decisions.

LORRY WEIGHTS AND DIMENSIONS

The Council came close to a consensus on driving axle weights, with most member states stating in Council that they could accept a formula for a dual standard of 11 or 12 tonnes now, converging at a combining single standard of 11.5 tonnes in 1992. Denmark reserved its position on the 1992 commitment; the British and Irish ministers were not able to agree. The issue is referred back to COREPER.

Amities,
H. Paeman,  *Commissaire*